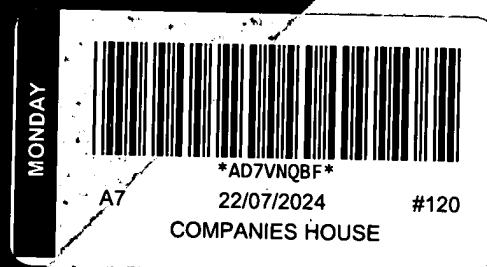
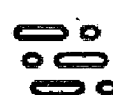


2024

Annual Report & Accounts

Induction Healthcare Group Plc



 **induction**
healthcare

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Induction Healthcare Group PLC
 ("Induction", the "Company", or the "Group")
FY24 Audited Final Results

Induction (AIM: INHC) a leading digital health platform, driving transformation of healthcare systems, announces its audited final results for the year ended 31 March 2023.

Financial Highlights

- Total revenues from customer contracts Up 5.6% to £14.4m (Note 1) (2023: £13.6m Note 2)
- Gross margin 78.4% (2023: 63.1%)
- Adjusted EBITDA positive £0.3m (Note 3) (2023 loss of £4.0m)
- Adjusted Operating loss narrowed to £0.2m (Note 4) (2023: loss of £4.8m)
- Loss for the year £3.3m (2023: loss of £17.4m)
- Net cash at the year-end of £3.7m (2023: £4.3m)

Operational Highlights

- Achieved objective of EBITDA breakeven having completed cost containment and margin enhancement programme
- Zesty revenues up by 133% with strong pipeline for growth in FY25
 - 17 Zesty customers, covering 3.2m patients, now connected to the NHS App
 - Launched Zesty in 5 new Trusts, with 4 additional Trusts contracted to go-live within the next 12 months
 - Signed a total of £3.4m (includes previously-announced contracts) in contracts with NHS England Trusts to fund new deployments and build out new functionality to generate growth
- Attend Anywhere market share in England maintained in a challenging renewals environment
- Successfully built and launched the first phase of our integrated product which enables a patient to view and launch their Attend Anywhere consultation from within Zesty. Five customers have already purchased the integrated functionality
- Divested non-core assets Switch, and post-period end sold Guidance for £1.2m

Notes

- ¹ Reported revenue from continuing operations is stated after reclassifying assets held for sale under IFRS5 (Induction Guidance £0.7m). Induction Guidance was held for sale at year end 31 March 2024 and its revenues classified under discontinued operations (Total recognised revenue from continuing operations £13.65m plus discontinuing operations £0.7m was £14.4m).
- ² 2023 reported revenue from continuing operations is stated after reclassifying assets held for sale under IFRS5 (Induction Switch and Induction Guidance £0.7m). These product assets were held for sale at year end 31 March 2023 and classified under discontinued operations (Total recognised revenue from continuing operations £12.9m plus discontinuing operations £0.7m was £13.6m).
- ³ Adjusted EBITDA is Operating Loss from continuing operations (£4.2m) before amortisation of £4.0m and non-cash foreign exchange adjustment £0.3m, restructuring £0.1m and non-recurring items £0.1m.
- ⁴ Adjusted operating loss is Operating loss £4.2m before depreciation, amortisation £4.0m and impairment, £ nil. (2023: Adjusted operating loss was £4.8m which is Operating loss of £17.4m before depreciation and amortisation £4.9m, and impairment £7.7m).

Chair's statement

Over the year Induction has continued to successfully transform itself from an unprofitable, vulnerable business with a disparate product set into one that is profitable, self-sustaining, and offers an integrated product line to the UK digital healthcare market. We have also, as we committed to shareholders, divested two non-core assets and ensured that our cost base is appropriate for a business of our size.

Our message to shareholders twelve months ago, as we embarked on this objective, was that we had enacted difficult measures to start this process and that we expected a particularly challenging period ahead.

A year later, it is very pleasing to report, and a testimony to the hard work of the team, that in all of these major aims we are broadly on track and, although there is still much work to be done to drive growth into the business, the platform for this anticipated growth is in place and secure.

Although much of this activity has been inwardly focused, the company also faces its market with increased confidence. Induction is at the centre of the current NHS focus on digital efficiencies which are a precondition to drive necessary change into the UK healthcare system.

It is universally recognised that effective and integrated patient management systems are at the heart of the challenges of both waiting lists and of the patient 'journey' through the hospital system. Induction's products are central to this and the business has, over the year, won a number of contracts with Trusts to provide digital services that will enable administrators, clinicians and the whole of the clinical team to offer a better service to patients at lower overall cost to the paying body.

At the centre of this is the Zesty portal for patients and administrators. Winning new Zesty contracts has been critical in ensuring that the

business has been able to weather the price and market share pressures associated with the legacy video product (Attend Anywhere). Notwithstanding the presence of Teams, we have held our market share for Attend Anywhere – testimony to the strength of a bespoke healthcare focussed product.

In our report for last year we talked to the key technical goal of integrating our platform over the coming year so that patients and clinicians gained access to our various digital amenities through one platform. It is particularly pleasing to note that an important first-phase, of enabling a patient to see and launch their video consultation from within the portal, has been completed on time and on budget. This new integrated platform together with other product and supply chain improvements will ease our customer journey, enhance customer loyalty and reduce our cost base.

Last year I reported on the difficult changes to both Board and the senior executive team that we felt were necessary to effect the radical transformation we desired. I am pleased to report that these changes have been successful – there have been no subsequent changes and the Board and senior team have remained in position.

I genuinely thank them for all of their counsel, support and incredibly hard work in challenging circumstances.

The full year results outcome was an EBITDA on continuing operations, adjusted for normalisation, improved to £0.3m (2023: Loss of £4.0m). Whilst the immediate stabilisation goals have been met, the challenge for this year and beyond is to drive growth of the top line and at the same time to retain our profitability as well as our focus.

Chair review (continued)

The healthcare market for our products and services is changing rapidly and for the immediate future we have to invest heavily in the product and sales capability to meet this growing opportunity. Such investment will be in both people and processes but will not be at the expense of our previous profitability commitments to shareholders.

In conclusion, my message to our shareholders is that whilst we have succeeded in our task to date, we recognise that, to fully fulfil the company's potential and to achieve the value our shareholders deserve, we need to drive our revenue onto a higher trajectory. The current direction of travel in the NHS bodes well for Induction although we are fully aware of the challenges presented by a change in government or in spending priorities. Either way we feel confident that with the team we have and Induction's product capabilities we are as well positioned as any to capitalise on a changing NHS.

Christopher Samler

Non-executive Chair

3rd July 2024

CEO Review

Achieving Breakeven, Building New Revenue

Our key focus this year was to stabilise the business, execute on our integrated product strategy, and put Induction onto a self-sustaining path without the need for immediate funding. I'm very pleased that we have delivered on these objectives.

We achieved our target adjusted EBITDA £0.3m (compared to a loss of £4.0m EBITDA in FY24). An important initiative was to implement efficiencies in our cloud infrastructure which resulted in a 56% reduction in hosting cost. That has driven a 15.3% improvement in gross margin to 78.4.%. There are additional initiatives we are implementing this year that will drive further reductions in cloud hosting costs.

We've also carefully managed our cash position so that we didn't have to return to the market for more funding. We ended the year with £3.7m in cash which was ahead of market expectation.

Market Conditions Impacting Growth

Delivering breakeven also required growth in revenue. We ended FY24 at £14.4m of total Group recognised revenue, 5.6% ahead of the previous year. Zesty continues to be our growth engine which delivered £4.9m in revenue (up 133%). This growth in Zesty is making up for revenue churn with Attend Anywhere as we move customers in England to utilisation-based contracts.

Growth in Zesty included £3.4m in contracts with the NHS as part of a national mandate for hospitals to acquire a patient portal (of which £2.9m has been recognised in the year). Through these contracts we were also able to:

- Further integrate Zesty with Oracle Cerner and widely-used diagnostic booking systems;
- Enhance our Form Builder module to support waitlist validation and patient initiated follow up (PIFU) pathways; and,
- Build new functionality, such as digitising maternity records.

Trusts to implement Zesty, all to be rolled out in FY25, which will bring our total contracted number of NHS Trusts to 21.

All platform and product enhancements underpin valuable upsell opportunities for FY25.

Integrated Product Strategy

We delivered on our integrated product strategy goals for this year which will provide enhanced functionality to drive growth and customer retention.

We completed an important first phase of enabling patients to see and launch their Attend Anywhere consultation from within the Zesty. Five customers have already purchased this new functionality, with more expected to follow. This year we will continue to develop that integration for patients, as well as integrate Attend Anywhere into electronic medical records so that clinicians can see and launch a video consultation from within their electronic medical record. This will improve both patient and clinician experience.

We also built single sign-on capabilities which allow third-party providers to connect with Zesty to deliver enhanced functionality for patients. For example, at Whittington NHS Trust, we connected a surgical pre-assessment tool called Lifebox to Zesty so that patients could complete the questionnaire via the portal. The functionality we built this year will allow us to build an ecosystem of partners that can drive revenue.

We also continued our partnership with the NHS Wayfinder Programme – the team responsible for connecting services into the NHS App. As of the end of FY24, we had 17 NHS Trusts connected to Zesty via the NHS App. A total of 3.2m patients now have access to Zesty via the NHS App, with 1.7m of those having registered to the portal.

We signed contracts with 4 new NHS England

CEO review (continued)

Given our integrated product focus on supporting the interaction between care teams and patients, we have deprecated or divested non-strategic assets, such as Switch in June 2023, and also recently completed the divestment of Guidance, which was announced as being sold on 1st July 2024 for £1.2 million.

Key Focus in FY25: Driving New Revenue Growth

All NHS England Trusts have now moved to utilisation-based contracts for Attend Anywhere, from centrally funded population-based contracts. With utilisation-based contracts we have the ability to increase revenues by driving adoption and utilisation. It is also important to note that the number of Trusts that have churned is low, and we continue to hold our market share in NHS England.

Whilst there is room to change the trajectory of Attend Anywhere revenue, Zesty will continue to be our growth engine. There are greenfield opportunities to sell Zesty into NHS Acute Trusts that either don't have a portal, are looking to upgrade from a non-NHS-accredited portal, or switch due to poor performance of their existing provider. We also see opportunity in the integration of Attend Anywhere and digitised maternity records.

Integrating Attend Anywhere into Zesty, as well as into the Trust's electronic medical record, will provide for a better user experience and drive greater adoption. This integrated capability, which includes video, will be important as we seek to grow into Community & Mental Health.

Our partnership with Oracle Cerner continues to be productive and fruitful and provides a further funnel of new opportunities for Zesty.

As we look to FY25 and beyond, we need to start driving revenue growth in other parts of the health care system. By selling into other areas of the health system, we have a greater ability to sign regional ICS wide contracts that connect a patient's care journey.

Outlook

The NHS continues to prioritise investments in digitising the health care system to drive efficiencies and provide a greater experience for patients. In the past year we have seen the NHS mandate that all acute trusts have a patient portal, and they continue to direct funding to support the system deliver on that mandate. And whilst we are in the midst of a general election in 2024, all of the major parties are talking about the importance of investing in digital health.

The NHS also continues to tackle growing waiting lists, with 6.3m patients still waiting for an outpatient appointment as of March 2024. We're seeing growing demand for our Form Builder module to help Trusts validate their waiting list.

Through our enhanced appointment capability we're also playing a role in reducing 'did not attend' rates by an average of 30%, freeing up spots for patients that need them. On that basis, our product suite is well suited to support the NHS meet this mounting challenge.

Where FY24 was the year of stabilising the business, FY25 is a year for generating growth in new areas so that we can accelerate our performance into the future.

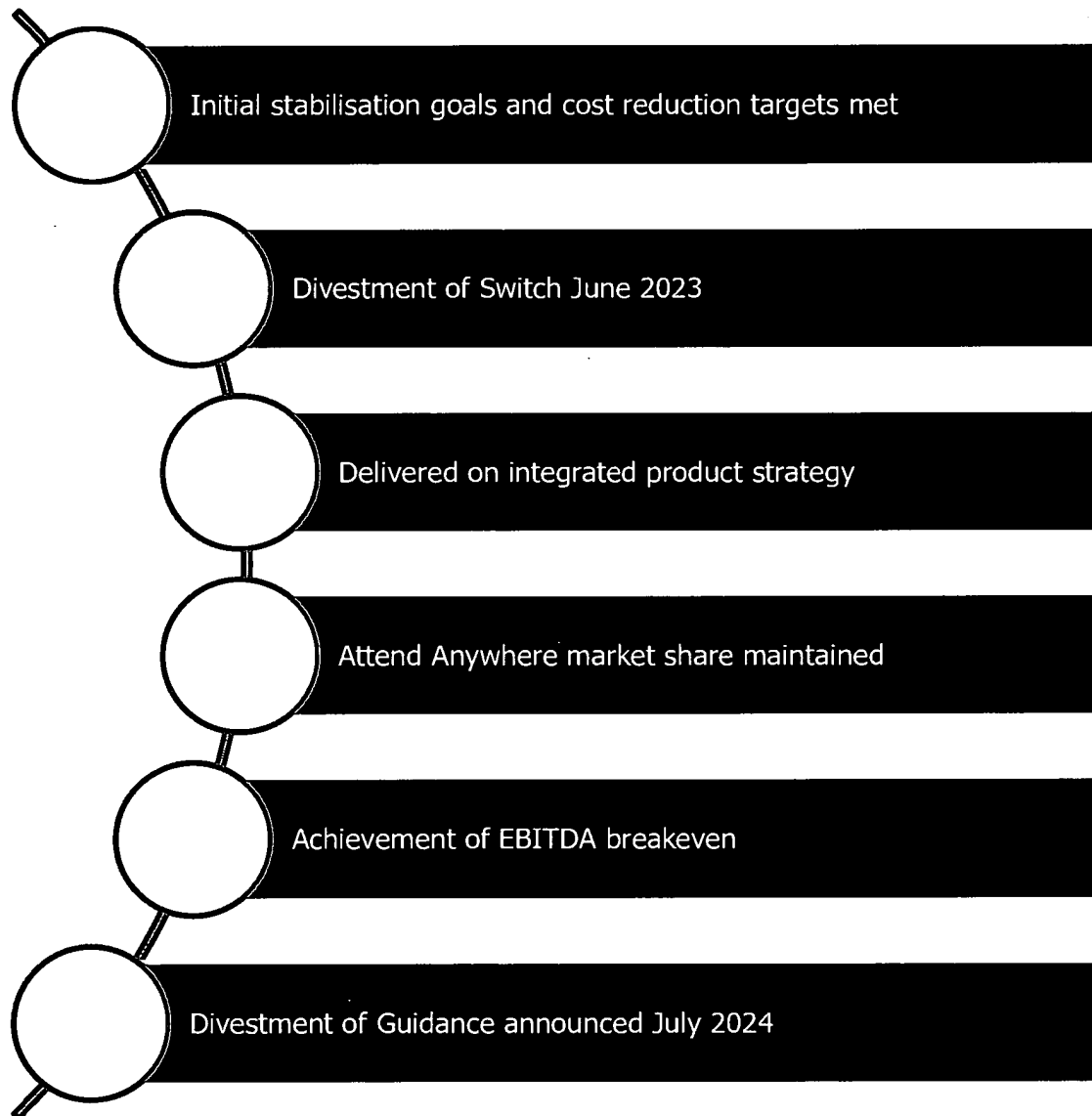
With the team we have around us, I believe we can be successful.

Paul Tambeau

CEO

3rd July 2024

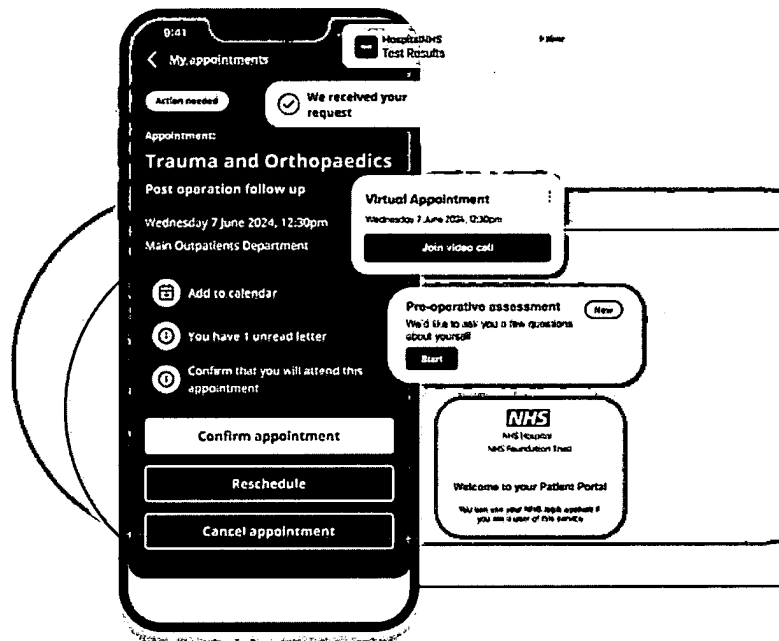
Timeline



Our Product

Improving interactions between healthcare teams and their patients

Our patient portal with flexible appointment management, digital forms, and video consultations streamlines care delivery, reducing burden on healthcare professionals.



Our capabilities meet our healthcare customer needs

The NHS is under considerable pressure to reduce outpatient waiting lists and deliver more care in the community setting. Induction's platform delivers multiple capabilities to meet these challenges.

Challenge	How it drives digital health investment in the NHS	Induction Capabilities
Bottlenecks in high-volume pathways	Gives focus on how digital tools can be used to send reminders, collect data remotely, and manage these patients electronically through a pathway	• Notifications and text reminders • Digital forms • Waitlist validation • Video consultations • Patient Initiated Follow Up (PIFU)
High rates of chronic diseases	Finding more effective ways to support and monitor these patients remotely	• Third-party app integration • Digital forms • Video consultations • Patient Initiated Follow Up (PIFU)
Gaps in the care continuum	Sustaining investment in the NHS App and giving patients greater access to their records	• NHS App integration • eMeet & Greet
Shortage of health workers	Forcing decision makers to find more effective ways to address increasing demand	• Self-service appointment management • Video consultations • Write-back of digital forms into the electronic medical record • eMeet & Greet
Strained hospital capacity	Resulting in initiatives to keep people in the community through remote monitoring, virtual consultations and digitising administrative interactions	• Digital forms • Self-service appointment management • Video consultations
Funding pressures	Putting continued emphasis on eliminating paper, driving better administrative efficiency, and reducing missed appointments	• Digital letters and discharge summaries • Self-service appointment management • Video consultations

Product Features and Benefits

Zesty is a patient engagement platform that transforms interactions between patients and care teams. Through integration with most leading hospital systems, it provides smart appointment management, paperless letters, targeted questionnaires, timely patient information, and integrated video consultations leading to clinical workflow efficiencies and enhanced patient engagement along entire care pathways.

Key features

- Web-based Patient Engagement Portal with secure and simple registration
- Appointment management including Integrated (Synchronous) and Request Based (Asynchronous)
- Digital management and distribution of patient letters and documents
- Customisable patient questionnaires, conditional logic, smart scoring, SMS invites
- Bulk communications, patient guidance, content management, rules-based patient communications
- Multi-factor authentication, secure identity management, proxy access
- Full integration with NHS App Wayfinder and NHS Login
- Deep integration with most leading EPR, PAS, Diagnostic systems
- Sophisticated real-time data reporting and analytics
- Seamless integration with Attend Anywhere video consultations

Key benefits

- Increased patient engagement, experience, and satisfaction delivering better outcomes
- Cost savings from a reduction of administrative overheads
- Reduced Did-Not-Attend (DNAs) driving improved resource and slot utilisation
- Improved triage of patients before appointments, and information after
- Reduced CO2 through reduction in travel and paper correspondence
- Reduced number of appointments through PIFU/CIFU/DIFU
- Improved staff experience through highly configurable and user-friendly tooling
- Improved clinical workflow efficiencies along entire care pathways
- Helps deliver NHS Elective Recovery and reduced waiting times
- Highest levels of clinical safety, privacy, security, data protection

Attend Anywhere makes it simple, safe and secure for healthcare organisations to offer video consultations as a normal part of day-to-day operations. It provides a proven, highly scalable platform for clinicians to deliver remote consultations and, through the waiting room functionality, even whole clinics, saving time and improving patient care.



Key features

- Scalable video consultation solution adaptable for all clinical settings
- Waiting Area model using same link for all patients
- Supports flexible workflows, transfer patients between services, return-to-Waiting Area
- Web-based application with device readiness self-test
- Two-way chat, screensharing, blur, custom background, invite 3rd party
- SMS/Email invite to Waiting Area, or directly to ConsultNow
- Run individual or large group consultations with break-out rooms
- Extensive learning resources to drive adoption and usage
- Sophisticated real-time data reporting and analytics (online/API)
- Integration with Zesty patient portal, plus other API integration

Key benefits

- Purpose-built for healthcare, proven at scale by NHS
- Highly configurable: all clinical settings, individual and group consultations
- Aligns to existing clinical workflows with minimal admin
- User-friendly hospital branded waiting areas for patient reassurance
- Patients don't need accounts, special software, individual meeting details
- Highest levels of clinical safety, privacy, security, data protection
- Dedicated onboarding programme to embed remote, patient-centric care effectively
- Post-consultation web redirects to questionnaires and useful tools
- Extensive resource library, targeted user-groups, forums for shared learning
- Seamless integration with Zesty patient portal, improving user experience

Strategic report



Strategic Report: Financial Review

Revenue

Revenue from contracts with customers for the year to 31 March 2024 per table below was £14.4m (2023: £13.6m). Excluding a non-cash accounting adjustment revenues from all operations grew 5.6% in the year to 31 March 2024.

	31 March 2024	31 March 2023
Revenue analysis	£000	£000
Revenues from customer contracts ¹	14,359	13,584
Non-cash IFRS3 adjustment	-	(74)
Total Revenue from all operations	14,359	13,510
Revenue - Discontinued operations ²	711	626

Reported revenue		
Revenue - continuing operations ³	13,648	12,884

¹ Reported revenue from continuing operations is stated after reclassifying revenue from assets held for sale under IFRS5 (Induction Guidance £0.7m). These product assets were held for sale at year end 31 March 2024 and classified under discontinued operations. Total recognised revenue from continuing operations of £13.6m and discontinued operations £0.7m was £14.4m versus 2023: Continuing operations £12.9m, plus IFRS3 adjustment (£0.1m) and discontinued operations £0.6m equalling £13.6m).

² Revenue from product assets (Induction Guidance) is disclosed under IFRS5 as assets held for sale.

³ After excluding discontinued operations revenue (£0.7m). For reference only the comparative recognised 2023 revenue was £0.6m.

The majority of the Group's revenue came from Induction Attend Anywhere which has decreased by 17.8% to £8.8m (2023: £10.7m) due to pricing pressures, while revenue from Induction Zesty has increased by 223% to £4.9m (2023: £2.2m).

Induction's other clinical apps (Switch and Guidance) delivered £0.7m (2023: £0.6m).

While focus is on sustainable recognised revenue growth management also takes note of ARR. ARR differs from recognised revenue due to the timing of revenue recognition, which includes amounts for partial years based on contract start dates, whereas ARR is an annualised amount. Recognised revenue also includes non-SaaS Professional Services fees in our Zesty category of £2.9m (2023: £0.5m).

ARR from all operations as at 1st April 2024 was £10.0m (2023: £13.5m). This represented the annualised value of the recurring revenue base that expected to be carried into future periods. This represents the stabilizing of Attend Anywhere

revenues and the relative increase of Professional services revenues in Zesty.

Gross profit

Reported Gross profit was £10.7 million (2023: £8.1 million) with gross margin much improved at 78.4% versus prior year reported margin (2023: 63.1%). Direct costs are predominantly made up of web hosting expenses, sales and delivery staff costs. The year-on-year increase in gross profit is attributable to a reduction in direct costs, particularly web hosting expenses which were targeted for efficiencies, and a proportional increase in high margin professional services revenue in the year.

Capitalised development costs

Development expenses for the year were £8.8m (2023: £9.3m) an decrease of £0.5m representing a lower level of capitalised development.

In determining the amounts to be capitalised management makes assumptions regarding the percentage of staff time spent on development activities. There is a high level of estimation uncertainty over the estimates, as the ability to reliably track time is inhibited by the time recording method.

Where the nature of the features developed during the year do not meet the criteria for capitalisation under IAS38 costs are charged directly to the operating costs of the business.

Impairment charge

Management performed an impairment review as at 31 March 2024 in accordance with IAS 36 'Impairment of assets'. The results of this review showed no evidence of impairment, and no impairment charge was recognised in the income statement (2023: £7.7m). The basis of the impairment review is explained in further detail in note 16 – Goodwill, within the financial statements.

Operating expenses

Excluding the adjusting items depreciation, amortisation and share based payments, operating expenses were reduced by £2.1m, driven by decreased development expenses.

Core performance measures

The Group's Operating Plan is focused on sustainable growth. Management considers that EBITDA is the key operating metric to measure the Group's performance and progress towards sustainable growth. In addition, the Group also measures and presents performance in relation to various other

non-GAAP measures, such as gross margin, and revenue growth. ARR is considered useful to determine long term revenue growth, viewed in the context of sustainable growth.

Adjusted EBITDA results are prepared to provide a more comparable indication of the Group's core business performance by removing the impact of certain items including exceptional items (material and non-operating related costs), and other, non-trading, items that are reported separately. Adjusted results exclude items as set out in the consolidated statement of comprehensive income.

Adjusted EBITDA was £0.3m (2023: loss £4.0m).

Table 1 ³	31/03/20 24	31/03/2023 £m
Loss before tax from continuing operations	(4.2)	(17.4)
Add: Impairment losses	-	7.7
Add: Depreciation and amortisation	4.0	4.9
Operating loss before depreciation, amortisation and impairment	(0.2)	(4.8)
Adjusted for exceptional and non-cash costs:		
– Other exceptional items ¹	0.5	0.8
– Share based payments (non-cash)	0.3	0.4
Adjusted Operating profit/(loss) before, depreciation, amortisation, impairment share-based payments and exceptional costs	0.6	(3.6)
Adjusted EBITDA from continuing operations²	0.3	(4.0)

¹ Restructuring costs £0.1, non-cash foreign exchange movement £0.3m, non-recurring costs £0.1m.

² After share-based payments charge £0.3m (2023: £0.4m)

³ The above table presents an Alternative Performance Measure that may not be readily comparable with other similarly termed items found elsewhere.

Cash

Cash as at 31 March 2024 was £3.7m (2023: £4.3m). Following on from the cost containment exercise in the prior financial year, the Leadership Team focused on cash conservation and cost efficiencies during the current period.

We continue to tightly manage our cost base which, as at 31 March 2024, was reduced by over 30% on a monthly basis from the level at March 2023.

The Group incurred an operating loss on continuing operations of £4.2m for the year ended 31 March 2024 (2023 £17.4m), however, it had total assets of £33.4m inclusive of £3.7m of cash and cash equivalents.

Management has performed a going concern analysis as described in the Directors report. The liquidity of the group is judged sufficient to meet the cash needs of the Group as they fall due.

The directors have considered the applicability of the going concern basis in the preparation of the financial statements. This included a review of financial results, internal budgets and cash flow forecasts to 31 October 2026, including downside scenarios.

Assets and Liabilities

Goodwill as at 31 March 2024 of £10.3m (2023: £10.6m) and intangibles of £11.2m (2023: £15.3m) are derived from the earlier acquisitions, Attend Anywhere Pty Limited, Zesty Limited and Horizon Strategic Partners Limited. Following a review of the carrying value of the assets no impairment was required (2023: £7.7m). Refer to note 17 of the financial statements.

Trade Receivables were £3.5m Trade (2023: £2.1m) reflecting increased invoicing activity at the period end. Trade payables were £1.2m (2023: £0.8m) due to increased supplier activity towards period end delivering revenue generating activities.

Taxation

Current tax receivable £0.8m (2023: £1.1m) consists of Research and Development tax credits due to the Group for current and prior years. As with many other companies the Group has experienced delay to the repayments of tax credits. Nevertheless, we anticipate receipts will arise, in due course, after appropriate follow-up.

Loss before tax

The Group net loss before tax was £4.2m (2023: £17.4m). The year-on-year change is driven by a non-cash impairment charge in 2023 of £7.7m, with no current year charge. See note 17 to the financial statements.

Discontinued operations

During the year ending 31 March 2024 the Group classified the Induction Guidance product as being held for sale, as a result of a decision to focus on patient facing products in the secondary care market. Refer to note 13 for further details. The Induction Guidance business was announced as sold on 1st July 2024 for a consideration of £1.2m. Refer to note 31 for further details.

Going concern

Principal risks and uncertainties.

As more fully described in the Directors' Report and notes to the financial statements in the annual report, the amounts and timing of future revenues remain uncertain. However, the executive has taken significant steps, which we believe mitigate the Group's risks.

John McIntosh

Chief Financial Officer

3rd July 2024

Strategic report



ESG Review

Our model

Our products are designed for integration with existing hospital IT systems, a key sales advantage for healthcare providers looking to leverage legacy investments and avoid workflow disruption. The ability to integrate is the reason we have been able to work with so many NHS trusts.

Revenue is primarily generated from licensed subscription services, but we also collect fees for initial implementation. Work continues to onboard implementation partners, reducing our reliance on a professional services type model.

Partnerships

Using our advanced integration capability, we have developed valuable partnerships with large incumbent health IT suppliers to facilitate and enhance our routes to market. As part of the value-added reseller agreements with our partners, such as Cerner Corporation (NASDAQ: CERN) and System C, clients can access our products without an extensive procurement process.

Environmental Social Governance (ESG)

Sustainability is an important value for the Induction Healthcare Group. Our digital product, by nature, reduces unnecessary travel to hospitals and eliminates cumbersome and costly administration providing our customers and end users with a valuable additional benefit. We are partnered with Amazon Web Services (AWS) who host our technology platform, which allows the Group to benefit from their low emission data centre strategy.

We have committed to delivering an Environmental, Social and corporate Governance (ESG) strategy for 2024 as part of our Group business plan, which is sponsored at Executive level. This includes a Carbon Reduction Plan in development that details our organisational carbon footprint and supports UK NHS's 2040 (Carbon Footprint).

The Group has been working with a third-party sustainability specialist, Supercritical (<http://gosupercritical.com>), to measure our carbon footprint and prepare a Net Zero plan.

We have formalised travel policies, with an objective to minimise travel and benefit from reduced emissions including:

- A business travel policy to avoid private car where possible and reduce business travel flights;
- Optimising our cloud use with the assistance of Amazon Web Services.
- A hardware policy to, where possible, to extend the average lifecycle of products.

We are committed to commissioning an independent footprint report annually and intend to publish our Net Zero commitments through our company website.

Environmental

We have a hybrid working structure which requires a relatively small office base for meetings with desks used on a rotational basis. In the UK we utilise office space via The WeWork group which uses 100% renewable energy.

One of the largest sources of energy usage from the digital healthcare industry is the transfer and storage of data. Our primary environmental energy impact comes from data centre usage. AWS is our main data centre partner providing on-demand cloud computing is continuously working to increase the efficiency of its facilities, and its scale allows it to achieve higher resource utilisation and efficiency than typical on-premises data centres. AWS is on a path to 100% renewable use before 2030.

Employees

The Group places significant value on the involvement of its employees and they are not only regularly briefed on the Group's activities, but encouraged to express their views at quarterly Town Hall gatherings. Employee opinion and engagement is sought and measured utilising anonymous survey and feedback tools within *Culture amp* online tool.

The Group monitors its turnover rates, which it seeks to mitigate, aiming to structure staff compensation at competitive rates in order to attract and retain high calibre personnel. The Group aims to ensure all individuals - regardless of race, age, gender, disability, sexuality or socio-economic background have access to opportunities with

the Group.

ESG Review

Our employee assistance programme (EAP) provided by *Bupa* and *Lifeworks*, is an employee benefit that provides staff with support and practical advice on issues that might be impacting their health and performance.

To underline our commitment to staff the Group has introduced *Thrive*, a leading mental wellbeing digital tool, used and recommended by the NHS, for use by individuals in the workplace to help prevent mental health conditions. This initiative has the aim of increasing staff wellbeing and productivity.

Community and Human Rights

The directors recognise the Group has a duty to be a good corporate citizen and to respect and comply with the laws and regulations of the countries of operation.

Section 172(1) statement

The Group has a responsibility to manage challenges that affect the business on a day-to-day basis particularly the impact on key stakeholders. The Board of Directors is responsible for leading our stakeholder engagement to ensure that we fulfil our obligations to those parties impacted by the business. Our ability to engage constructively with our wide stakeholder base underpins the long-term sustainable success of the Group.

The directors are aware of their duty under Section 172(1) of the Companies Act 2006 (the "Act"). The following report serves as our Section 172 statement and sets out how the directors, and the collective Board, approached their duties during the year to support fulfilment of Section 172 and should be read in conjunction with other information included in this Annual Report and Accounts.

Stakeholder / Why we engage	How we engage	Outcomes
Investors We aim to provide transparency and clarity about our results and long-term strategy to continue to build trust in our future plans. It is, therefore, important that our shareholders understand our strategic priorities, and that their views inform our decision making. Shareholder views are sought in connection with significant matters and taken into account by the Board in reaching critical decisions	The Board has maintained regular open and robust communications with the Group's shareholder base and the market during the period in order to ensure that investors remain informed and are consulted on the Group's financial performance and strategic plans. Meetings with the CEO and CFO are undertaken during the year with most of the major institutional investors. Other activities include: • Annual, Half Year Results and AGM • Company website and investor news section • Stock exchange announcements • Analyst research • Reports and analysis on shareholdings	Engagement with our investors enables them to gain improved knowledge and understanding of the Group and its operations and activities. • Our Investor engagement activity and feedback are discussed regularly at Board meetings and factored into decision-making by the Group Board. • Based on engagement with investors during the year, the Group has maintained a focus on ensuring business deliverables have been achieved. • Transparency of Group information is improved with Investor Relations content available on the Company's website.

Section 172(1) Statement continued

Stakeholder / Why we engage	How we engage	Outcomes
Employees We believe effective staff engagement leads to greater wellbeing. Our staff, including our contract team members, are our greatest asset. Engagement across the Group provides the platform to promote the Group's corporate culture, ethical values, behaviours and expectations and to drive our long-term success. It helps us to attract, build and retain a high calibre pool of talent and ensures that our staff feel valued and are given the opportunity to provide feedback and participate in the development of the business.	• Agreed personal objectives as part of the company operating plan. • Continue our successful quarterly company-wide Town Hall • Anonymised Staff Q&A sessions • Flexible hybrid working • Use of informal communication channels to maximise communication and minimise unnecessary emailing • Employee benefits (Bupa EAP, Happi) • Self-reflection and wellbeing tools (Culture-amp, Thrive) • Learning / development budget per person. • Long term nominal share options	• Effective staff engagement ensures that individuals are better informed of our operating plan, the business challenges, and its successes. A motivated and skilled staff is critical to the achievement of our Group's strategic ambitions. • Management continues to review the availability of benefits and other support provisions required for employees to succeed in their roles. • The Company also introduced an integrated bi-annual process within our CultureAmp tool geared to help individual objectives achievement. Staff have access to role specific training to allow them to cultivate essential skills required to succeed in their roles.
Supply Chain It is important to us that our suppliers have strong quality control, service levels which match our needs and those of our customers and importantly strong data security provisions. A robust supply chain with engaged stakeholders results in lower exposure to risks and disruptions.	• The Group maintains trusted supplier partnerships. Our key suppliers are predominantly software technology providers requiring strong two-way working relationship (e.g. our hosting supplier AWS). • Board review of material changes to supply chain contracts. Risk review/ mitigation planning	Engagement allows us to build mutually supportive relationships with our suppliers over the medium to longer term, and supports the Group's overarching requirement for ensuring that our supply chain upholds appropriate standards of delivery and quality, including ethical and environmental impact. The quality of the product, software and services we deliver to our customers is strongly influenced particularly with regard to our hosting platform.
Partnerships and End users Our partners allow us to develop our products to meet the needs of healthcare customers that we cannot reach directly. We partner with organisations that can advance our products through complementary technologies, delivering a wider distribution channel.	Obtain regular feedback from our users and clients to ensure that we are consistently delivering to high performance standards. Using customer forums to monitor and improve the quality of our customers' experience.	The quality of the software services we deliver to our customers is strongly influenced by the careful management of key partner relationships, particularly the suppliers of key data feeds used in the delivery the Group's products.

S172 Statement (continued)

Stakeholder - Why we engage	How we engage	Outcomes
Customers Satisfied customers are the best promoters of our integrated products. Communication with our customers is fundamental to understanding how we may continue to add value to solve strategic and operational issues through our digital solutions. We strive to understand how our innovative solutions and services can meet the customers' needs to ensure we remain competitive.	The Board receives regular updates from management regarding new customer wins, existing client relationships and the sales pipeline. The Group recognises the importance of system security for our customers which is embedded in the ethos of our Information Security and Information Governance teams. When negotiating client contracts, where commercially appropriate, the Group considers clients' views and opinions, and senior commercial managers regularly engage with clients to understand their own challenges and priorities.	Our recently enhanced Commercial team engages regularly with our customers, to understand upcoming bids, and obtain valuable feedback regarding their requirements Our coordinated activities with customer and our partners helps to deliver a continued high level of service and successful, safe digital delivery. We aim to invest in the technology, services and teams to enhance our customer relationships and create long-term value for both the Group and our customers. Our Customers' requirements are the key consideration when forming long term strategy for the Group and their interests are always considered before any key decisions are made.
Environmental, Social and Governance Our staff value their work developing high quality digital services which delivers a number of positive sustainable outcomes for the NHS and the wider community by providing easy access to digital healthcare systems, By reducing the impact of our actions on the environment we can contribute to preserving the long-term sustainable future of the Group while delivering for our healthcare customers. We believe in supporting our employees with their socially beneficial endeavours.	We are required to demonstrate our environmental impact as part of our sales process. As a digital business our largest environmental impact is through carbon usage via webhosting costs. In this regard we have sought to find the most efficient delivery of our product, reducing the impact in this area. We generate employment among a diverse workforce in several international communities. The directors recognise the Group has a duty to be a good corporate citizen and to respect and comply with the laws and regulations of the countries of operation.	The positive socio-economic impact of the Group's product is a source of pride to those involved in delivering our accessible healthcare technology, particularly given the sizeable number of people in the United Kingdom who are benefitting from the successful delivery of the Groups output. We contribute to a reduction of environmental costs through reduced transport on our roads and elimination of paperwork and document distribution. Almost all employees work remotely which ensures a low footprint of environmental impact. At the year-end the Group published its first Carbon Reduction Report. Further information regarding the Company's ESG strategy can be found in the environmental, social and governance report on page xx.
Regulators The Group's operations are subject to a wide range of listing requirements, regulatory and legal frameworks, including regulation of clinical data, data protection, tax, employment, and contractual terms.	Our Governance, Risk and Compliance policy: • Audit committee updates at Board meetings and regular Risk Register review • Work with clinicians, and information governance specialists to evaluate our products • Informing the board of key drivers of regulatory requirements requiring	The Group has retained its ISO accreditations to ensure that its process and procedures are of an appropriate standard. This is supported by certification in Cyber Essentials and GDPR compliance. The Group undergoes regular review by its insurance underwriter to assess the suitability of its controls over data and information security.

	attention. • Working with underwriters, Standard Accreditors on controls and certification reviews.	
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Principle risks and uncertainties

Risk management process

The Group's success depends on the effective management of risk. The activities of the Group expose the business to a variety of risks which are managed through a governance structure. The Board is ultimately responsible for oversight of risk management. As a public company operating in a highly regulated competitive space, it is vital that the Group governs and manages its risks to achieve compliance with legal and regulatory obligations.

The Group's process for the identification, assessment and management of risks in the business is driven by its Governance Risk & Compliance (GRC) policy which is monitored the Audit Committee. The Audit Committee reviews the systems of internal control for the Group alongside the Leadership Team's process for risk management and periodically reports its findings to the Board. Detailed below are the principal risks and uncertainties that the Board believe could have a severe impact on the Group's business and the corresponding actions taken to manage risk.

Risk type, Description and impact	Key mitigating activities	Trend
Political risk The Group solely sells into public sector health bodies, which are susceptible to changing priorities, lack of funding, shorter-term view on IT investments, long procurement cycles and delayed implementations. This could result in the company not hitting sales targets. Potential impact: • Delayed spending or change in National Health Service commissioning budgets or structures.	• Our primary revenue model is Saas based recurring revenue to deliver a stable base of contracted visible cashflow. • Budgeting and planning carefully managed and accounts for risk of public spending delays. • Our development priorities are to ensure we remain at the heart of our customer's operations, delivering cost efficiencies and value for money whatever the political environment. • Continuous investment in the development of the platforms to ensure they remain integrated, relevant to multiple healthcare pathways, competitive and attractive to its users as well as our diverse customers.	
Economic macro risk The Group could be affected by overall economic and political conditions in the UK and globally including the risk of a recession, persistently high inflation and currency fluctuations. Potential impact: • Inflationary and macro-economic events may have an impact on our costs and our customers' funding sources (NHS funding decisions).	• We continued to monitor our economic horizon and take pro-active action, both to reduce risk but also to capitalize on any opportunities that arise. • Where possible we contract multi-year Saas based ARR terms, protecting the business from cyclical macro events. The Group is a low energy user, however, like any other business in this economic environment we must manage overhead inflation, which we seek to manage via indexation clauses in our customer engagements where we can, and by maintaining tight budgetary cost control.	

Product and technology risks A failure to innovate the company's products and services, especially in a digital health market that is susceptible to commoditisation, could lead to a loss of market share and decline in the company's value for shareholders, including consideration of AI tools. The use of our platforms could cause harm to patients if they are not designed, configured and managed properly Potential impact: • Competitor products or technologies emerge that may render existing products and services uncompetitive or impaired, and may exert downward pressures on the pricing of existing products and services, impacting financial returns.	• We conduct continuous market discovery to align and prioritise product roadmaps towards healthcare sector strategy and direction. • We engage in regular customer dialogue and feedback to define future use cases for our products to ensure that the product offerings are validated. • We monitor the competitive environment to identify developments that meet a valid market requirement and prioritise projects most likely to generate sufficient revenue to fund their development. • We develop relationships with our healthcare system partners which complement our offering, building upon our robust integrated product vision. • The Group is up to date with the current guidelines in AI in healthcare and have taken guidance from the MHRA and do not have any medical devices on the market. The Group's products represent digitalisation of traditional healthcare processes.	
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Operational Risks

Description and impact	Key mitigating activities	Trend
Commercial and business growth risk The Group's growth strategy must rely on the effectiveness of its Sales and Marketing team to grow the business. It is imperative we have effective sales and marketing models, methodologies and techniques to effectively realize our investments in software products and to recover the direct costs of associated delivery. Potential impacts: Investment returns not achieved and shareholder value eroded.	• The Group has engaged experienced sales leadership and is providing support to its customer facing teams to ensure they are selling effectively and engaging with our customers on a regular basis. • Upfront business approval controls have been implemented to ensure we are only bidding for work that has a suitable opportunity for a profitable, cash return, and review controls to ensure once we are committed with a customer, the agreed terms are monitored. • The implementation of a Group-wide CRM system in 2023 will provide significant benefit in terms of broader and deeper customer insight and data.	
Information governance risk The Group is dependent on its IT infrastructure, whereby loss/corruption of the application software, infrastructure failure, damage or denial of service to the infrastructure could cause serious business interruption and a decline in user confidence. Cyber security attacks are prevalent and becoming more sophisticated. There is a high reliance on third party systems to function as expected in order for our products to operate. Potential impacts: • Internal impact due to releasing software that doesn't function as	• The Group has in place systems and processes for the classification and control of access to information within a number of areas of the business, and the security around access to information continues to be strengthened by the enforcement of enhanced security processes and practices. Changes to our products are subject to rigorous QA and product acceptance before they are released to users. • Security incident response alert systems and associated recovery plans. • The Group uses an established cloud IaaS provider (AWS) with built-in Denial of Service protection. • Implementation of infrastructure designs aim to minimise impact of third-party system issues when they occur	

intended; and External parties disrupt the platform or cause failure by a key outsourced provider.	• We evaluate of all third-party suppliers, ensuring that they have appropriate recovery processes. • The Group is accredited to Cyber Essentials Plus standard and has recently successfully completed its annual ISO 27001 certification audit. This security standard specifies the requirements for establishing, implementing, maintaining and continually improving an information security management system.	
Talent acquisition risk There is a risk that, in a highly competitive talent landscape, the Group cannot attract and retain sufficient highly skilled and dedicated staff. Potential impacts: • Adverse effect on ability to manage and grow the business. • The loss of key individuals could have an adverse effect on the ability to grow revenues. Customer concentration risk The primary customer of the Group is the NHS which is a complex series of connected organisations. The procurement process can be onerous and very lengthy, increasing the risk that revenues fall short of expectation. Potential impacts: • Changes to Government policies can have a material impact on companies supplying the NHS, both in terms of changes in direction as well as structural changes which can delay or even negate the Group's ability to derive revenues. • NHS operates against a backdrop of regular funding reviews and this could have a negative impact on pricing.	• The Leadership team is incentivised towards achievement of core Goals allied to the development of a strong and cohesive culture across the organization. • Retention strategies are in place for employees including market-level compensation and incentives, ongoing training and development and performance reviews. • The Leadership Team regularly reviews our key budget milestones to ensure appropriate decisions are made in a timely manner. • Regular reviews of resource dependency and succession planning for key roles. • The Board and management team have extensive experience working in and supplying to the NHS and relationships with key NHS decision makers, and therefore the Group is well placed to navigate the myriad NHS organisations. Where feasible the Group has contracted its service for multiple years. In addition, the benefits of the Group's integrated products are being positioned with our customers. • While the Group cannot mitigate the risk entirely, there is cross party political support for the use of technology in the NHS which will help reduce both political and pricing risk.	

Compliance Risks

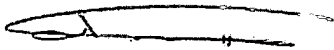
Description and impact	Key mitigating activities	Trend
Data protection risk Regulatory compliance is a key risk for the Group, not only in terms of the General Data Protection Regulations (GDPR) but also specific restrictions relating potentially to medical devices, clinical governance including patient safety and information governance including confidentiality and security. Potential Impacts: Failure to comply with regulations could have a material impact on the Group's reputation, fines or late filings penalties, and financial results.	- The Group has a dedicated Data Protection Officer and a separate Head of Information Security to oversee data protection compliance and security. - Regular review of legislation and Group policies. - Regular training applying to relevant staff on compliance with information governance policy. - Maintenance appropriate expertise and experience in clinical and information governance. - Independent third-party audits and reviews are conducted.	
The risk of insufficient evaluation and non-compliance with legislation and regulation in the markets in which Induction operates. Potential Impacts: Failure to comply with regulations could have a material impact on the Group's reputation, fines or late filings penalties, and financial results.	- The Group maintains an in-house legal function and uses external legal and tax counsel to advise on legal, tax and regulatory requirements. - The Group's Governance and Regulatory Compliance committee is focused on the regulatory risk for product development and operational delivery. - The Data Protection Officer, Medical Director and Head of Information Security sit on the GRC committee headed by the Senior Information Risk Officer.	

Description and Impact	Key mitigating activities	Trend
Finance FX risk The risk of significant un-favourable foreign exchange movements. The Group's webhosting costs are denominated in US dollars whereas the Group's revenues are GBP denominated. In addition, due to its Australian subsidiary Attend Anywhere Pty Ltd, there is some exposure to the Australian dollar. Potential impact: Unfavourable FX impact on cash costs of converting currency and financial statement reporting of foreign exchange movement.	- Customer contracts are maintained in GBP. - Consideration of currency hedging is regularly reviewed where appropriate. - Surplus cash balances are transferred to the GBP account to minimize any exposure to FX translation impact.	

Description and Impact	Key mitigating activities	Trend
Liquidity risk The risk of the Group not being able to meet its financial obligations as they fall due.	- The Group rigorously manages its cash resources. Operating expenses are closely monitored and management will continue to assess the appropriate level of expenditure against budgetary milestones. - The Board regularly monitors the cash position of the Group and ongoing cash requirements. We have systems, controls, and processes to manage expenditure in line with budgets, and cash is managed through	

rolling cashflow forecasts which are updated at least monthly.

By order of the Board



John McIntosh
Chief Financial Officer

3rd July 2024

Directors biographies

Christopher Samler - Non-Executive Chair

Appointed to the Chair of Induction Healthcare in June 2022, Christopher has experience as Chief Executive Officer (CEO) and Chair of quoted companies (both Main Market and AIM) and private businesses in the education, healthcare, services and technology sectors. He has significant experience supporting growth for businesses across the U.S., Europe, Asia, Latin America and the Middle East. Christopher started his career in the British Army before joining The Boston Consulting Group as an analyst, leading to a variety of senior management positions at Baxter International, the US-based healthcare multinational. Christopher was CEO of several fast-growing venture capital backed healthcare businesses including Imutran Ltd, and Weston Medical plc, which he took through three venture capital funding rounds to an IPO on the Main Market of the London Stock Exchange in 2000. In 2004, Christopher co-founded Icen Capital LLP, a private equity / venture capital firm focused on providing capital and operational support to fast growing UK companies in the services sector. He has chaired a number of high growth technology, healthcare and service companies including TQ Education & Training which was sold to Pearson plc, AirPortr, Sphonic Solutions (recently sold to Signicat AS), Bubble and Tristel plc. Christopher holds an MA (hons) from the University of Oxford and an MBA from the Harvard Business School

Jane Silber - Non-Executive Director

Jane joined the Board on 1 April 2019. Jane is an experienced IT senior executive. She is the Non-executive Chair of Diffblue Ltd and VONQ B.V., as well as a non-executive board member of Weaveworks Ltd and Canonical Ltd. She also serves as an advisor for numerous tech start-ups. Previously she was CEO of Canonical for seven years, which followed a seven-year period as its Chief Operating Officer. With experience in the US, Japan and the UK, she has spent her entire career in software engineering and IT management, starting as a software developer and rising through various leadership roles. She holds a BS from Haverford College, an MS from Vanderbilt University and an MBA from Oxford University.

Jane is Chair of the Remuneration Committee and, also serves on the Audit and Nomination Committees.

Andy Williams – Non-Executive Director

Andy was appointed to the board on 8 June 2020 having formerly served as Chair at Zesty Limited since 26 July 2018. In addition to his role at Induction, Andy was Chair of Docly AB and was until recently, a non-executive director at Logex Group. His most recent full-time role was CEO of NHS Digital, the government body responsible for technology and data for the NHS. Prior to that, his career was in the technology industry, holding a wide variety of senior roles in IBM, Alcatel-Lucent and CSC. He holds an MA in mathematics and engineering from Cambridge University.

Andy is Chair of the Audit Committee and, also serves on the Remuneration and Nomination Committees.

Ian Jonhson - Senior Independent Director

Ian has spent his business career in life science and was founder and CEO of Biotrace International PLC, which was a listed company until its sale to 3M in December 2006. Ian is currently Executive Chairman of Niox Group plc and was recently Senior Independent Director of Clinigen plc until its sale to Triton. Previous roles include Executive Chairman of Bioquell PLC, non-executive Chairman of Redcentric plc, Quantum Pharma PLC, Cyprotex PLC and Celsis Group Ltd. and non-executive Director of Ergomed PLC. He has also served on the boards of various other public and private companies including Aim listed companies; Evans Analytical Group and AOI Medical Inc. Ian studied at Cardiff University obtaining a B.Sc. and M.Sc. in Microbiology. He is a Chartered Biologist, a Fellow of the Royal Society of Biology and a member of the Institute of Directors.

Paul Tambeau - Chief Executive Officer (appointed 30 June 2023)

Paul started his career in management consulting, spending 11 years on strategy and transformation engagements within Canada's public and private health sectors. This included 3 years in KPMG's national health care strategy practice. Over the last 7 years, he has held senior executive roles in digital health companies in Canada and the UK. Before joining Induction in 2022, Paul was Chief Commercial Officer at Doctor Care Anywhere, where he helped deliver a 300% increase in revenue growth. He also helped launch the internet hospital programme with a leading UK health insurer, including the commercial negotiations for a joint venture. Paul began his career in management consulting in North America, including KPMG Canada's national health care strategy practice. Paul holds an MBA with Distinction from the University of Edinburgh, and a Bachelor of Arts (Honours) from Wilfrid Laurier University in Waterloo, Canada.

John McIntosh - Chief Financial Officer (appointed 30 June 2023)

After qualifying with Deloitte in 1994, John worked with Sony Corporation, global advertising agency DMB&B and the BBC, before focusing towards online, and multi-media businesses. John has worked as a consultant CFO, interim Finance Director and Group CFO for public and private entities in the UK, USA, and Europe. John was Director, CFO of a leading Adtech business for three years until 2021. Prior to this, he was interim FD then Board member for three years of Anglo-Australian services group Proglity plc leading its reverse takeover onto AIM in 2013. He was also CFO and Chief Operating Officer for DCD Media plc for six years until 2012. John holds a Bachelor of Commerce (Hons) from the University of Edinburgh and is a member of the Institute of Chartered Accountants of Scotland.

Corporate Governance Statement

Chair's Introduction

I have pleasure in introducing our Corporate Governance Statement on behalf of the Board.

The Board is committed to supporting high standards of corporate governance. We consider that a solid foundation of good governance and best practice is needed to help the Group profitably and effectively support our user base, both clinical teams and patients. In this section of the Annual Report we set out our governance framework and describe our approach to good corporate governance throughout the Company and its subsidiaries ('the Group'). As Chair, my primary responsibility is to lead the Board effectively and ensure that the Group's corporate governance is appropriate and adopted across all our business activities. I am also responsible for ensuring that, as a Board, we examine the key operational and financial issues affecting our strategy.

Sustainability

The Board is responsible for ensuring the long-term sustainability of the Group for the benefit of all of our stakeholders. Sustainability is a key theme of our discussions. The Board is also conscious of the leading role the Group can play to mitigate our impact on the wider environment.

Further detail can be found in the Environment, social and governance report on page 18.

Stakeholders

The mechanism for consultation, dialogue and feedback to the Board have, we believe, ensured the continuous flow of information between the Board, senior management and our key stakeholders throughout the year despite the challenges involved.

Details of the type of engagement undertaken during the year can be found in our Section 172 statement on page 19

Board changes

In terms of Board changes during FY24, on 5 May 2023 Hugo Stephenson's term came to an end and he stepped down from the Board. Our Executive Directors during the year were Paul Tambeau as CEO (appointed on 30th June 2023) and John McIntosh as CFO (appointed on 30th June 2023).

QCA

We follow the Quoted Companies Alliance ("QCA") Corporate Governance Code (the 'Code') and we continue to believe that this is the most appropriate Code for us as an AIM listed company. The Board acknowledges that the QCA published a new 2023 code on 13 November 2023 which will replace the 2018 code for accounting periods commencing on or after 1 April 2024. The Company intends to adopt the 2023 code at the appropriate time and is undertaking a review of the new requirements to ensure its continued compliance with the code and maintenance of the highest standards of corporate governance.

Our report sets out in broad terms how we comply at this point in time. We have set out how we follow the ten principles on www.inductionhealthcare.com/investors/corporate-governance.

The Board considers that it does not depart from any of the principles of the QCA Code.

Looking forward

The Board's focus during the coming year will be to deliver against the Group's strategic plan. The Board is focussed on delivering on its sustainable goals, continuing margin improvement and strengthening cash generation.

Christopher Samler

Chair

3rd July 2024

Board Committees

The Board has delegated and empowered a Remuneration Committee, Nomination Committee and an Audit Committee, each of which is accountable to the Board on all matters within its remit. A summary of the responsibilities of each Committee and their work during the year follows.

The Company Secretary acts as secretary to all the Board's Committees supported by the Executives to ensure that each Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the relevant items of business.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
	Number of meetings			
Christopher Samler	8 of 8	4 of 4	6 of 6	1 of 1
Hugo Stephenson ¹	1 of 1	N/a	N/a	N/a
Andy Williams	8 of 8	4 of 4	6 of 6	1 of 1
Jane Silber	8 of 8	4 of 4	6 of 6	1 of 1
Ian Johnson	7 of 8	N/a	N/a	N/a
Paul Tambeau	8 of 8	N/a	N/a	N/a
John McIntosh	8 of 8	N/a	N/a	N/a

¹ Hugo Stephenson attended the first meeting of the year which preceded his resignation on 5th May 2023.

Internal Control

The Board acknowledges that it has ultimate responsibility for the Group's system of internal control and has delegated the review of its effectiveness to the Audit Committee. Such systems are designed to manage rather than eliminate risks and can only provide reasonable not absolute assurance.

The Board routinely reviews the systems of internal control and risk management having particular regard to the need to embed internal control and risk management procedures into the operations of business, both in the UK and overseas, and to deal with areas of improvement which come to management and the Board's attention.

Delegated authorities

The Board has delegated authority for certain matters to an Audit Committee and Remuneration Committee, both of which have terms of reference which are reviewed on an annual basis. Certain operational responsibilities have been delegated to the Executive team and senior management within a robust system of control.

Framework for Corporate Governance

The Board recognises the importance of good corporate governance as one of the foundations of a sustainable corporate growth strategy and sound decision making and has established a corporate governance model based on the key principles of the Quoted Companies Alliance Corporate Governance Code (the "QCA Code").

The Non-Executive Chairman, Christopher Samler has overall responsibility for leadership of the Board and, the quality of, and the Group's approach to, corporate governance. Our strengthened governance structure has continued to provide a firm base from which the Group could respond to the significant challenges of our prior year, and protect the long-term interests of our stakeholders during this period of political and economic uncertainty.

The Audit Committee

The Audit Committee comprises chair, Andy Williams, Christopher Samler and Jane Silber. The Audit Committee operates on authority delegated by the Board and has responsibility for monitoring the integrity of the financial statements of the Group, monitoring and reviewing the adequacy and effectiveness of the Group's internal financial controls. It also monitors the risk management systems and reviews and assesses the overall risk appetite, tolerance and strategy, and the principal and emerging risks the company is willing to take in order to achieve its long-term strategic objectives.

Further information can be found in the Audit Committee Report on page 32.

The Remuneration Committee

The Remuneration Committee comprises chair Jane Silber, Andy Williams and Christopher Samler. The Remuneration Committee operates on authority delegated by the Board and has primary responsibility for reviewing the performance of the Directors and setting their remuneration (including the granting of any share options) to ensure that they are rewarded fairly and responsibly.

Further information can be found in the Remuneration Committee Report on page 30.

Remuneration Committee Report

Overview

On behalf of the Remuneration Committee, I am pleased to present the Remuneration Committee report for the year ended 31 March 2024. In this report, we provide you with an overview of the Committee's priorities and performance during the year, in addition to details regarding the Director's Remuneration Report.

Committee Members Jane Silber (Chair), Andy Williams and Christopher Samler have met formally six times during the year with additional regular informal discussions.

Committee Responsibilities

- Setting the remuneration policy for all executive directors and the Company's Chair;
- Recommending and monitoring the levels and structure of remuneration for senior management; and
- Reviewing the ongoing appropriateness and relevance of the remuneration policy in respect of incentives including option awards.

The Work of the Committee

The objective of the Company's remuneration policy is to facilitate the recruitment and retention of executives of an appropriate calibre, to ensure that the Executive Directors of the Company are provided with appropriate incentive to encourage enhanced performance and are rewarded fairly and responsibly for their individual contributions to the success of the Company in the year. The remuneration policy has regard to the risk appetite of the Company and alignment to the Company's long strategic term goals.

The Remuneration committee considered the following items during the year:

Bonus Plan	Review of the FY25 Bonus Plan
LTIP	Review of the Option Scheme Rules
LTIP	Review of awards to staff
Remuneration	Review of proposed staff pay awards
Terms of Reference	Review of the terms of reference
Remuneration Policy	Review of the Remuneration Policy

Directors Remuneration Report

The Remuneration that the Company offers to its Executive Directors continues to be based on four principal components:

- **Basic Salaries and benefits.** Basic salaries are determined by the Remuneration Committee with reference to benchmarked salaries paid in AIM-quoted and other Technology businesses of similar size and complexity. It is intended that the guaranteed pay should be at or near the median level. Benefits in kind relate to health insurance.
- **Pensions.** The Group operates a defined contribution pension scheme for all Executive Directors and employees. Only basic salaries are pensionable.
- **Short-term incentives.** Bonuses are payable to staff according to the achievement by the Group determined by key measurable objectives and growth targets.
- **Long-term incentives.** The Company operates a share option scheme under which share options are normally granted on passing probation or ad-hoc on individual performance. Options normally vest over three years, with a third vesting after twelve months and the remainder quarterly over the subsequent two years and can be exercised (once fully vested) until the tenth anniversary. The number of shares granted is based on a fixed market value of shares on the date of the grant, so the individual only benefits if there has been a share price growth. The share option scheme is overseen by the Remuneration Committee which eligible individuals may be invited to participate, including the level of awards. The Remuneration Committee reviewed the share option scheme rules during the year making recommendations to clarify the vesting period mechanism.

Remuneration received by Directors for the year ended 31 March 2024...

The following represents remuneration received by directors during the year:

	Salary and Fees		Pension		Bonus		Other		Total Remuneration	
	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24
Executive										
Hugo Stephenson	49,364	3,000	-	-	-	-	-	-	49,364	3,000
Christopher Samler	103,978	63,099	-	-	-	-	-	-	103,978	63,099
Paul Tambeau	-	195,000	-	9,808	-	22,375	-	-	-	227,183
John McIntosh	-	189,000	-	9,450	-	-	-	-	-	198,450
James Balmain**	177,784	-	17,778	-	110,813	-	2,404	-	308,779	-
Guy Mitchell**	67,500	-	3,375	-	10,125	-	319	-	143,494	-
Non-Executive										
Christopher Samler	-	82,512	-	-	-	-	-	-	-	82,512
Jane Silber	40,000	40,000	1,800	1,800	-	-	-	-	41,800	41,800
Andy Williams	43,353	45,000	-	-	-	-	-	-	43,353	45,000
Ian Johnson*	13,182	35,000	-	-	-	-	-	-	13,182	35,000
Leslie-Ann Reed**	26,667	-	-	-	-	-	-	-	26,667	-
Christopher Spencer**	10,208	-	459	-	-	-	-	-	10,667	-
	591,285	652,611	26,338	21,058	120,938	22,375	2,723	-	741,283	696,044

*Reflects proportion of annual fee for FY23. ** Resigned in prior year.

Two directors received retirement benefits in the form of defined contribution pension scheme contributions, accruing in respect of qualifying services. Contributions paid to a pension scheme in respect of directors' qualifying services for the highest paid director were £0.01m (2023: £0.02m).

The following represents share-based remuneration received by directors during the prior years.

Director	Date of Grant	Exercise price (£)	Number of shares	£Market value of award	Performance conditions	Exercisable from	Exercisable to
Paul Tambeau	1 st August 2023	0.005	700,000	143,500	no	23/06/2026	23/06/2036
Paul Tambeau	18 th January 2023	0.005	350,000	78,750	no	18/01/2026	18/01/2036
John McIntosh	1 st August 2023	0.005	500,000	102,500	no	23/06/2026	23/06/2036

Directors' shareholding and share interests

Share ownership plays a key role in the alignment of our executives with the interests of shareholders. The table below sets out the number of shares held or potentially held by executive and non-executive directors (including their connected persons where relevant) as at 31 March 2024 and 31 March 2023.

Name	Beneficially owned shares at 31 March 2023	Beneficially owned shares at 31 March 2024	Award description	Granted (Audited)	Number of unvested options at 31 March 2023 (Audited)	Number of vested options at 31 March 2023 (Audited)	Number of unvested options at 31 March 2024 (Audited)	Number of vested options at 31 March 2024 (Audited)
Hugo Stephenson*	8,891,730	8,891,730	-	-	-	-	-	-
Christopher Samler	266,667	266,667	-	-	-	-	-	-
Jane Silber	8,696	8,696	-	-	-	-	-	-
Andy Williams	419,495	419,495	-	-	-	-	-	-
Ian Johnson	20,000	20,000	-	-	-	-	-	-

*Hugo Stephenson resigned from the Company on 5th May 2023

Jane Silber
Remuneration Committee Chair

3rd July 2024

Audit Committee Report

On behalf of the Audit Committee, I am pleased to present the Audit Committee report for the year ended 31 March 2024. In this report, we provide you with an overview of the Committee's priorities and performance during the year, in addition to details regarding the audit and risk management policies approved by the Committee for implementation throughout the Group

Committee Members Andy Williams (Chair), Jane Silber and Christopher Samler have met formally four times during the year as set out on page 28.

Committee Responsibilities

The Committee is primarily responsible for:

- Oversight of the Group's risk management framework and mitigating actions;
- Monitoring the effectiveness of internal controls;
- Ensuring that the Group's financial performance is properly measured and reported, through review of the annual and half-year financial statements, accounting policies and significant reporting judgements;
- Identification of adjusting items and the presentation of Alternative Performance Measures ("APMs") and the judgement used in terms of which costs or credits are not associated with the underlying trading of the Group or otherwise impact the comparability of the Group's results year on year; and
- Oversight of the annual audit and its effectiveness, including the objectivity and independence of the external auditor.

The Work of the Committee

The Audit Committee continued to review and establish the procedures and systems necessary to ensure robust standards of financial control. The Chief Financial Officer is invited to attend all meetings, while other senior financial managers will attend as appropriate. The external auditor attends the meetings to discuss the planning and conclusions of their work. The Audit Committee is able to call for information from management and external consultants with the external auditors directly if required. The objectivity and independence of the external auditors is safeguarded by reviewing the auditors' formal planning proposal and monitoring relationships between key audit staff and the Company.

Whistleblowing	Review of arrangements in place.
Bribery	Review of arrangements in place.
Interim Results	The Committee reviewed and approved the interim results.
Full Year Results	The Committee also reviewed and approved the full year results through review of the annual report with a focus on revenue recognition, valuation and impairment of goodwill/intangibles.
Revenue recognition	The Audit Committee was satisfied that management's judgement in the absence of explicit performance obligations and the consequential recognition of revenue and deferred revenue in the accounts was reasonable.
Going Concern	The Committee undertook reviews of the Company's going concern status at the half and full year period ends. The Audit Committee was satisfied that the basis for adopting the going concern basis in preparing the Group and Company financial statements.
Valuation and amortization, impairment	The Audit Committee reviewed the basis of capitalisation and amortisation and considered the intangible value attributed to its intangible software development costs. The Audit Committee was satisfied that the forecast cash flows from the anticipated level of future revenues, supported by customer interest and the sales pipeline, are sufficient to support the carrying values.
Internal Audit	The Committee reviewed the need for an internal auditor and agreed that the Company was of not yet of sufficient size or complexity to merit a separate internal audit function.
External Audit	The Committee reviewed the independence and objectivity of the external auditor, Crowe UK LLP; their plan for the full year audit, advisory fees and the effectiveness of the audit process.
Terms of Reference	Reviewed terms of reference.

External Auditor

The Audit Committee monitors the relationship with Crowe UK LLP, to ensure that auditor independence and objectivity are maintained. A summary of remuneration paid to the external auditor is provided in note 8 of the financial statements. The external auditor does not provide any material non-audit services to the Company or its subsidiaries. Being satisfied with the external auditor's work for the year under review and of the external auditor's independence, the Audit Committee recommended that the Board reappoint the External Auditor. The value of the non-audit services provided by the Auditor is nil. Having reviewed the auditor's independence and performance, the Audit Committee has concluded that this is effective.

Andy Williams
Audit Committee Chair

3rd July 2024

Nomination Committee Report

On behalf of the Board, I am pleased to present the Nomination Committee report of the Company for the year ended 31 March 2024.

Committee Members Andy Williams (Chair), Jane Silber and Christopher Samler met formally once during the year and held a number of informal meetings and telephone calls between the scheduled meeting.

Committee Responsibilities

The Nomination Committee is responsible for reviewing the structure, size, and composition (including the skills, knowledge, experience, and diversity) of the board and making recommendations to the board with regard to any changes.

The Work of the Committee

Succession Planning During the year, the Committee considered the positions of the Executive Directors and short term and long term succession planning for the Executive Directors and the Chairs of the various Committees. Their discussions took into account the needs of the business and the preferences of the individuals under discussion.

Following the appointment of Paul Tambeau as CEO and John McIntosh as CFO in June 2023, the Committee recommended the appointments and both were confirmed and appointed as Executive Directors respectively on 30 June 2023.

Induction of new directors

New directors are taken through a comprehensive induction programme which is tailored to their individual needs and understanding.

Andy Williams

Nomination Committee Chair

3rd July 2024

Directors' report

The Directors are pleased to present the Directors' report to shareholders and the audited financial statements for the year ended 31 March 2024.

Principal activity and business model

The principal activity and business model are set out in Our Product section on pages 9 to 12 and Strategic Report on pages 13 to 25.

Results and dividends

The results for the year to 31 March 2024 are set out in the financial statements on pages 44 to 47.

The Directors do not propose payment of a dividend for 2024 (2023: £Nil).

Review of the year and outlook

A summary of the Group's progress and development is set out in the Chair's review and Chief Executive Officer's review, and the Financial Review on pages 4 to 7 and pages 14 to 16 respectively. This analysis includes comments on the position of the Group at the end of the financial year, an indication of likely future developments in the business of the Group and details of the Group's development activities. The outlook of the business is set out in the CEO Review on page 7.

Significant events after the year-end

On the 1st July 2024 the Group announced the completion of the sale of Horizon Strategic Partners Ltd ("Induction Guidance"), a non-core division. This is in line with the previously announced strategy to divest non-core assets. The revenues of Induction Guidance are disclosed as part of the discontinued operations. Further details to be found at note 13.

Directors' insurance

An insurance policy is maintained by the Group which insures the Directors of the Group against certain liabilities arising in the conduct of their duties.

Capital structure

The Company's share capital is divided into 93,849,375 ordinary shares of £0.005 each with voting rights.

Related party transactions

Details of all related party transactions are set out in Note 28 to the Financial Statements.

Corporate governance

The Directors' statement on Corporate Governance is set out on page 27 and forms part of this report.

Going Concern

In assessing the appropriateness of the going concern assumption, Directors reviewed the ability to continue operating over the period to 31 October 2026 to take into account the operating cycle of the group. After due consideration, the Directors have concluded that there is a reasonable expectation that the Group and the Company have adequate resources to meet their liabilities as they fall due for the period to 31 October 2026. The Directors have also reviewed other relevant information, together with considering scenarios with adverse impacts across the Group's principal risks relating to: revenue reductions from either non-renewals of major contracts with customers or downward price pressures; non-materialisation of forecast sales to new customers and delays in securing new contracts with customers or delayed cash inflows.

The severe but plausible downside scenario has indicated that cash balances are their lowest in January 2025 before increasing again in March/April 2025 in line with the Group's operating cycle. At this low point, cash balances remain positive. The Directors believe they can timeously respond to decreases in cash inflows by taking mitigating actions. The Directors have applied significant judgement regarding renewals of existing contracts with major customers, in particular NHS customers. The Directors have made this judgement after considering the current healthcare climate. Whilst there remains uncertainty as to the specifics of the NHS funding plan given political events, the Directors note that NHS funding generally was increased and there was a focus on NHS efficiency, which the Group's products / services are designed to assist with. Therefore, the Directors believe that the judgement they have made is appropriate based upon information available at that point.

After due consideration, the Directors have concluded that there is a reasonable expectation that the Group and Company have adequate resources to meet their liabilities as they fall due for the period to 31 October 2024, and therefore these financial statements are prepared on a going concern basis.

Annual General Meeting

The date of the 2024 Annual General Meeting of the Company can be found in the Notice of Meeting which is available in the Investor Section of the Company's website at www.inductionhealthcare.com.

Research and development

The assessment of when development expenditure meets the recognition criteria required for capitalisation requires judgement as to the technical feasibility and commercial viability of products and ideas that are under development. The Group capitalised £0.3m of development costs (2022: £0.8m).

Financial instruments

The financial risk management objectives and policies of the Group, including credit risk, interest rate risk and currency risk are provided in Note 27 of the accounts.

Directors

The Directors who held office during the year were as follows:

- Christopher Samler
- Jane Silber
- Andy Williams
- Ian Johnson
- Hugo Stephenson (resigned on 5 May 2023)
- Paul Tambeau (appointed on 30th June 2023)
- John McIntosh (appointed on 30th June 2023)

Political contributions

Neither the Group nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year (2023: £Nil).

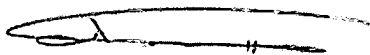
Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the company's auditors is aware of that information.

Auditor

Crowe U.K. LLP were re-appointed as the Group external auditor at the AGM on 6 September 2023.

By order of the board



John McIntosh
Chief Financial Officer

3rd July 2024

Statement of Directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and they have elected to prepare the parent Company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' report to the members of Induction Healthcare Group Plc

Opinion

We have audited the financial statements of Induction Healthcare Group Plc (the "Parent Company") and its subsidiaries (the "Group") for the period ended 31 March 2024, which comprise:

- the Group statement of comprehensive income for the year ended 31 March 2024;
- the Group and parent company statements of financial position as at 31 March 2024;
- the Group and parent company statements of changes in equity for the year then ended;
- the Group and parent company statements of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and accordance with UK adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included

- Evaluating the system of internal control over the cash flow management and budgeting processes;
- Obtaining and challenging the Directors' assessment regarding the group's ability to continue as a going concern;
- Assessing the adequacy of the period covered in the going concern assessment prepared by the Directors;
- Confirming the reasonability of the inputs and assumptions in the budgets including NHS renewals, new businesses wins, existing and 'partner signed' contracts and other inflows;
- Identifying which inputs had been subjected to stress testing and how the results of the stress testing impacted the conclusions;
- Comparing the accuracy of previous forecasts by performing a retrospective review on the figures to mitigate the risk of bias;
- Ensuring that these forecasts are consistent with those used for impairment assessment;
- Reviewing and incorporating post balance sheet events that could impact the conclusions on going concern; and

- Assessing the completeness and accuracy of the matters described in the going concern disclosure within the accounting policies as set out in Note 2.2.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £200,000 (2023: £500,000) based on a 5% loss before tax adjusted for gain on the disposal of business operations. Materiality for the Parent Company financial statements as a whole was set at £55,000 (2023: £90,000) based on 0.2% of net assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £140,000 (2023: £350,000) for the group and £38,500 (2023: £54,000) for the parent. We reviewed this during the audit but considered that it remained set at an appropriate amount.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £10,000 (2023: £25,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our engagement was in respect of the audit of the Group's consolidated financial statements and those of the Parent Company. Our audit approach was developed by obtaining a thorough understanding of the Group's activities and is risk based.

Based on this understanding we assessed those aspects of the Group and Subsidiary Companies' transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error.

Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly. We undertook a combination of analytical procedures and substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

We conducted specific audit procedures in relation to all entities within the Group without the use of component auditors. Not all group companies were within the scope of audit testing as some were dormant with minimal to no transactions during the year under review.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue Recognition Refer to note 2.5 and note 6 to the financial statements. Revenue is recognised in accordance with the accounting policy set out in the financial statements. Revenue from contracts with customers including discontinued operations for the year to 31 March 2024 was £14.4m (2023: £13.6m). The group has a number of different revenue streams with different revenue recognition points, including licence revenue recognised overtime as well as professional services revenue recognised at a point in time. Errors in the recognition of revenue could materially misstate the financial statements and key investor metrics. Revenue is a significant risk area as judgements are required in determining the appropriate revenue recognition point.	Our work focused on assessing that revenue accounting policies were in line with the revenue recognition criteria set out in IFRS 15 and that revenue is recognised in accordance with the accounting policies. We also ensured that cut off was correctly applied through testing. We evaluated the design of the internal controls and confirmed their implementation using a walkthrough of the system. We tested substantively the processing of revenue across all different products and service offerings to ensure that the processes are in place to recognise revenue in the appropriate periods. Substantively tested the contract assets and liabilities to test the accuracy of the revenue recognised to contractual terms and supporting evidence. We ensured that revenue was recognised in the correct accounting period through review of sample of contracts to confirm when performance obligations were met and also reviewing sampled invoices after the end of the reporting period. We reviewed clauses in the contracts, Go-Live data and communication between customers and software development tasked with implementation to ensure the performance obligations had been met. We confirmed the accuracy of the calculation of deferred and accrued income balances. This additionally gave us comfort over the risk of management override or fraudulent financial reporting. We reviewed revenue disclosures and segmental reporting to ensure compliance with the underlying accounting standards.
Valuation of intangibles including Goodwill Refer to note 2.4 and 2.11 as well as note 16 and 17 to the financial statements The carrying value of goodwill and other intangible assets at 31 March 2024 were £10.3m and £11.2m respectively, (2023: £10.7m and £15.3m). Management performed an impairment review	The key components of our review covered broadly the following: - Appropriateness of CGUs and accuracy of the asset allocations to those CGUs (Zesty CGU and Attend Anywhere CGU). - Appropriateness of key assumptions and judgments including the discount rate. - Consulting with internal specialists in the assessment of the discount rate. - Adequacy of disclosures, including around the sensitivities attached to key assumptions.

as at 31 March 2024 in accordance with IAS 36 'Impairment of assets'. The impairment assessment led to an impairment charge of £Nil (2023: £7.7m). This is explained in further detail in note 17 within the financial statements.

The Group's intangible assets comprise of goodwill arising on acquisition of subsidiaries, customer relationships and software developments.

When assessing the carrying value of goodwill and intangible assets, management makes judgements regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying these. We considered the risk that goodwill and/or other intangible assets were impaired.

The key judgements are in relation to growth and profitability. Changes in these factors could result in an impairment to the carrying value of the goodwill and intangible assets.

We performed the following procedures in order to address the risks around the impairment:

We evaluated, in comparison to the requirements set out in IAS 36, management's assessment (using discounted cash flow models) as to whether goodwill and other intangible assets were impaired. We reviewed, challenged and considered management's impairment and fair value models as appropriate and their key estimates, including the discount rate. We reviewed the appropriateness and consistency of the process for making such estimates. We have also reviewed the constitution of CGU's identified by the management.

We obtained management's discounted cash flow models supporting the intangible asset valuation. We challenged the key assumptions into the model, including the forecast revenue and EBITDA, discount rates and growth rates. We compared cash flow forecasts used in the impairment review to historical performance and forecasts used in the assessment of going concern and challenged where forecasts indicated performance that deviated significantly from historical performance, in the absence of significant changes in the business or market environment.

Discount rates and growth rates were benchmarked to our knowledge of sector performance, to evaluate the reasonableness of these assumptions. We used an in-house valuations expert to assist with the assessment of the discount rate. Sensitivity analysis was performed on the key assumptions such as growth, margin and discount rates to identify those assumptions to which the goodwill or intangible asset valuation was highly sensitive.

We reviewed the disclosures made in respect of impairment, including those made as significant estimates and judgements.

Capitalisation of intangible assets

Refer to note 2.11 as well as note 17 to the financial statements

The carrying value of other intangible assets including capitalised development costs as at 31 March 2024 was £11.2m (2023: £15.3m). Additions to internally generated intangible assets was for the year ended 31 March 2024 was £0.3m (2023: £0.8m).

The risk on the capitalisation of the intangibles was in relation to appropriateness of management's judgements concerning whether the capitalisation criteria have been met.

Our audit procedures in this area included:

Obtaining management's assessment of the development projects undertaken and whether they met, or not, the capitalisation criteria in IAS 38.

Testing, on a sample basis, capitalised costs through to supporting documentation.

For projects where capitalisation has occurred obtaining evidence to support the technical feasibility and commercial viability.

Understanding management's basis for determining qualifying costs.

There was also the risk of errors in the capturing of relevant costs resulting in misstatements in the amount being capitalised.

Reviewing the sources of these costs by obtaining third party invoices or receipts, payroll records, etc.

Understanding management's assessment and judgement around which percentage or ratio of costs incurred in respect of software developers should be capitalised or not by holding discussions with management's technical/project heads.

Reviewing management's assessment of each capitalizable cost against the requirements of IAS 38 for capitalisation.

Reviewing management's assessment and determination of the basis for amortisation and reviewing the amortisation of each item of capitalised development costs relating to each feature developed and ensuring no errors in determination of the charge for the year

Reviewing the adequacy of disclosure.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment

obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 36, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the procedures in place for ensuring compliance. Based on our understanding of the Group and industry, discussions with management and the Board of Directors we identified financial reporting standards and Companies Act 2006 as having a direct effect on the amounts and disclosures in the financial statements. Our work included direct enquiry of management, reviewing Board and relevant committee minutes and inspection of correspondence.

As part of our audit planning process, we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made of management and those charged with governance concerning both whether they had any knowledge of actual or suspected fraud and their assessment of the susceptibility of fraud. We considered the risk was greater in areas involving significant management estimate or judgement. Based on this assessment we designed audit procedures to focus on key areas of estimate or judgement, this included specific testing of journal transactions, both at the year end and throughout the year.

Other laws and regulations where non-compliance may have a material effect on the Group's operations are Data Protection and General Data Protection Regulation (GDPR).

Our audit procedures included:

-
- enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance including fraud;
 - examining supporting documents for all material balances, transactions and disclosures;
 - review of minutes of meetings of the Board of Directors;
 - enquiry of management about litigations and claims;
 - evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions, in particular those items included in the Key Audit Matters;
 - analytical procedures to identify any unusual or unexpected relationships;
 - testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
 - review of accounting estimates for biases.

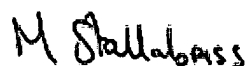
Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Stallabrass (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

3 July 2024

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2024

	Note	2024 £000	2023 £000
Continuing operations			
Revenue from contracts with customers	6	13,648	12,884
Cost of sales		(2,948)	(4,754)
Gross profit		10,700	8,130
Sales and marketing expenses		(1,096)	(1,523)
Administrative expenses		(5,018)	(6,942)
Development expenses		(8,788)	(9,287)
Impairment losses	16	-	(7,758)
Loss from operations	7	(4,202)	(17,380)
Finance income	11	6	1
Finance expense	11	(11)	(7)
Loss before tax		(4,207)	(17,386)
Tax credit	12	962	798
Loss for the year from continuing operations		(3,245)	(16,588)
Discontinued operations			
Loss from discontinued operations, net of tax	13	(767)	(795)
Gain on sale of disposal group		755	-
Loss for the year		(3,257)	(17,383)
Other comprehensive income			
Exchange gains/(losses) arising on translation on foreign operations		(1,106)	(162)
Exchange gains / (losses) on translation of foreign operations reclassified to profit and loss during the year		142	(801)
Other comprehensive income for the year, net of tax		(964)	(963)
Total comprehensive income		(4,221)	(18,346)
Loss per share attributable to the ordinary equity holders of the parent			
Basic	14	£ (0.04)	£ (0.19)
Diluted	14	£ (0.04)	£ (0.19)
Loss per share from continuing operations attributable to the ordinary equity holders of the parent			
Basic	14	£ (0.03)	£ (0.18)
Diluted	14	£ (0.03)	£ (0.18)

The Notes on pages 48 to 88 form an integral part of these financial statements.

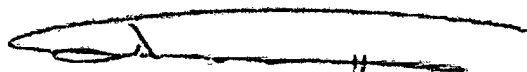
Consolidated Statement of Financial Position

As at 31 March 2024

	Note	2024 £000	2023 £000
Assets			
Non-current assets			
Property, plant and equipment	18	6	9
Intangible assets	17	11,162	15,251
Goodwill	16	10,264	10,685
Deferred tax assets	12	501	556
Total non-current assets		21,933	26,501
Current assets			
Contract assets	20	1,366	1,228
Trade and other receivables	19	3,758	2,672
Current tax receivable	12	814	1,175
Cash and cash equivalents	21	3,690	4,287
Assets held for sale	13	1,813	2,474
Total current assets		11,441	11,836
Total assets		33,374	38,337
Liabilities			
Non-current liabilities			
Contract liabilities	23	3,920	3,588
Deferred tax liability	12	2,831	3,870
Other financial liabilities	29	—	56
Total non-current liabilities		6,751	7,514
Current liabilities			
Trade and other payables	22	3,571	2,713
Provisions	24	—	529
Contract liabilities	23	1,702	2,198
Current tax payable	12	—	—
Liabilities associated with assets held for sale	13	913	1,016
Other financial liabilities	29	57	72
Total current liabilities		6,243	6,528
Total liabilities		12,994	14,042
Net assets		20,380	24,295
Equity attributable to equity holders of the parent			
Share capital	25	469	462
Share premium reserve	26	41,976	41,665
Merger reserve	26	20,205	20,205
Foreign exchange reserve	26	(1,106)	(162)
Other reserves	26	1,566	1,578
Retained earnings		(42,730)	(39,453)
Total equity		20,380	24,295

The Notes on pages 48 to 88 form an integral part of these financial statements.

The financial statements on 48 to 97 were approved and authorised for issue by the board of Directors on 3rd July 2024 and were signed on its behalf by:



John McIntosh

Director

Company registered number: 11852026

Consolidated Statement of Changes in Equity

As at 31 March 2024

	Note	Share capital £000	Share premium £000	Merger reserve £000	Foreign exchange reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
At 31 March 2022 and 1 April 2022		460	41,665	20,205	801	1,405	(22,274)	42,262
Comprehensive income for the year:								
Loss for the year		—	—	—	—	—	(17,383)	(17,383)
Other comprehensive gain / (loss) for the year		—	—	—	(963)	—	—	(963)
Total comprehensive income for the year:		—	—	—	(963)	—	(17,383)	(18,346)
Transactions with owners, recorded directly in equity:								
Issue of shares on exercise of equity settled share-based payments	15	2	—	—	—	(204)	204	2
Equity settled share-based payments	10	—	—	—	—	377	—	377
Total contributions by and distributions to owners		2	—	—	—	173	204	379
At 31 March 2023 and 1 April 2023		462	41,665	20,205	(162)	1,578	(39,453)	24,295
Comprehensive income for the year:								
Loss for the year		—	—	—	—	—	(3,257)	(3,257)
Other comprehensive income / (loss) for the year		—	—	—	(944)	—	(20)	(964)
Total comprehensive income for the year:		—	—	—	(944)	—	(3,277)	(4,221)
Transactions with owners, recorded directly in equity:								
Issue of shares on exercise of equity settled share-based payments	10	7	311	—	—	(311)	—	7
Equity settled share-based payments	10	—	—	—	—	299	—	299
Total contributions by and distributions to owners		7	311	—	—	(12)	—	306
At 31 March 2024		469	41,976	20,205	(1,106)	1,566	(42,730)	20,380

The notes on pages 48 to 88 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 £000	2023 £000
Cash flows from operating activities			
Loss for the year		(3,257)	(17,383)
Adjustments for:			
Depreciation of property, plant and equipment	18	2	119
Amortisation of intangible fixed assets	17	4,029	4,716
Impairment losses on intangible assets	16	–	7,758
Finance income	11	(6)	(1)
Finance expense	11	11	7
Share-based payment expense	10	299	377
Net foreign exchange loss/(gain)		(180)	63
Income tax (credit)/charge	12	(962)	(798)
(Gain)/Loss on sales of disposal Group	13	(750)	–
		(814)	(5,142)
Movements in working capital:			
(Increase)/decrease in trade and other receivables and contract assets		(1,224)	166
Increase in trade and other payables and contract liabilities		591	2,972
Net movements in working capital		(633)	3,138
Interest received	11	6	1
Interest paid	11	(11)	(7)
Income taxes received		365	65
Income taxes paid		–	(863)
Net cash used in operating activities		(1,087)	(2,808)
Cash flows (used in)/from investing activities			
Disposal of discontinued operations	13	750	–
Purchases of property, plant and equipment	18	–	(17)
Payment of software development costs	7	(329)	(810)
Net cash used in investing activities		421	(827)
Cash flows from/(used in) financing activities			
Issue of ordinary shares		7	2
Payment of lease liabilities		(70)	(72)
Net cash used in financing activities		(63)	(70)
Net cash decrease in cash and cash equivalents		(729)	(3,705)
Cash and cash equivalents at the beginning of year		4,287	7,496
Exchange gains on cash and cash equivalents		132	496
Cash and cash equivalents at the end of the year		3,690	4,287

The notes on pages 48 to 88 form part of these financial statements.

Notes (forming part of the financial statements)

1. Basis of preparation

Both the financial statements of the Group and the financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards ("UK-Adopted IFRS"). They were authorised for issue by the Group's board of directors on 3rd July 2024.

Details of the Group's accounting policies, including changes during the year, are included in note 2.

These financial statements are presented in pound sterling, which is the Group's presentational currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 5.

The financial statements have been prepared on the historical cost basis.

2. Accounting policies

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group. Total comprehensive income of subsidiaries is attributed to the owners of the Group.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

There are no restrictions on the ability of the parent and subsidiaries to transfer cash or other assets to or from other entities within the group. There are no restrictions that may restrict dividends and other capital distributions within the group. There are no restrictions on the ability of the group to access or use the assets and settle the liabilities of the group.

2.2 Going concern

The Group has recognised total revenues during the year of £14.4m (including revenue from discontinued operations of £0.8m) (2023: £13.6m and £0.6m) and had cash balances at 31 March 2024 of £3.7m (2023: £4.3m) with net cash outflows from operating activities during the year of £0.3m (2023: £2.8m).

In assessing the appropriateness of the going concern assumption, the Board of Directors ("the Directors") has reviewed the ability to continue operating over the period to 31 October 2026 ("the going concern period"). The Directors have also reviewed other relevant information, together with considering scenarios with adverse impacts across the Group's principal risks relating to: revenue reductions from either non-renewals of major contracts with customers or downward price pressures; non-materialisation of forecast sales to new customers and delays in securing new contracts with customers resulting in delayed cash inflows. These risks are further connected to macro-economic conditions and the UK government's fiscal policy, in particular the funding and support to the group's customers which are primarily NHS Trusts and other government bodies. The Directors determined that the forecast period extends to 31 October 2026 to take into account the operating cycle of the group, which sees significant contract renewals in March 2026, with cash inflows received in April-June 2026.

The Directors' cash inflows under the base case of going concern assessment assumes a significant majority of existing customer contracts with major customers will be renewed when they come due within the forecast period at the same contract terms. It also includes assumptions regarding growth in revenues due to new customer contracts, and growth in revenues due to sales of new products to existing customers. The base case going concern assessment cash outflows allows investment in the full range of planned market and product development activities, through increased employee-related and other spend to achieve revenue targets over this forecast period.

The Directors have considered a severe but plausible downside scenario whereby the Group is impacted by: reductions in revenue arising from either non-renewals of some major customer contracts or downward price pressure; non-materialisation of some forecast sales to new customers and three to six-month delays in securing some contracts with new customers resulting in delays in SaaS revenues and cash inflows, with associated reductions in incremental costs directly linked to revenue generation. The severe but plausible downside scenario has indicated that cash balances are their lowest in January 2025 before increasing again in March/April 2025 in line with the Group's operating cycle. At this low point, cash balances remain positive. Under a severe scenario, the Directors believe they can timeously respond to decreases in cash inflows by taking mitigating actions to reduce costs. These include but are not limited to; delays in backfilling employees; delays/non-backfilling new contractors; and reducing discretionary spend through, for example, reducing professional and consulting expenditure and contractor costs.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.2 Going concern (continued)

In determining that there is no material uncertainty related to going concern, the Directors have applied significant judgement regarding renewals of existing contracts with major customers, in particular NHS customers. The Directors have made this judgement after considering the contemporary knowledge of NHS intentions with regards to digitisation. Whilst there is always uncertainty as to the specifics of NHS funding plans, the Directors note that NHS funding generally was increased and there was a focus on NHS efficiency, which the Group's products / services are designed to assist with.

Therefore, the Directors believe that the judgement they have made is appropriate based upon information available at that point.

After due consideration, the Directors have concluded that there is a reasonable expectation that the Group and Company have adequate resources to meet their liabilities as they fall due for the period to 31 October 2026, and therefore these financial statements are prepared on a going concern basis.

2.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- 1 deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- 2 liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see note 1.8); and

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair values and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.3 Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2.3) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.5 Revenue

Licenced subscription services

The Group is in the business of providing a right-to-access to its proprietary software applications, as software-as-a-service ("SaaS"). Management have determined that it provides a right-to-access based on the fact that the customer simultaneously receives and consumes the benefit from the performance of providing access to the proprietary applications.

Revenue from the sale of licenced software is recognised when control of the goods or services are transferred to the customer, either after user acceptance testing or go-live and at the point where there are no further outstanding significant commitments relating to the sale. Revenue is recognised over time, over the length of the subscription period on a straight-line basis.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.5 Revenue (continued)

Revenue is recognised at an amount that reflects the consideration to which the Group is entitled to in exchange for those services. For contracts with value-added reseller customers, revenue is presented net of amounts payable to these customers.

The transaction price is determined based on the standard list price in line with the Group's pricing policy. Revenue is therefore shown net of value added tax and trade discounts and is reported for healthcare institutions and resellers where the Group has a value-added reseller agreement, whereby healthcare institutions and resellers are charged a subscription/ licence fee for making the applications available to users.

Control is transferred, and performance obligations are satisfied over time over the subscription period and therefore this revenue is recognised rateably over the period of the subscription. For arrangements which contain set-up services, the period of the subscription commences once set-up services have been fully provided.

Payment is due within 30 days of date of invoice.

The Group did not enter into any transactions with variable consideration, rights of return, volume rebates or significant financing components during the year. The Group does not have any warranty obligations. The Group has elected to use the practical expedient to disregard the significant financing component for contracts with a subscription period of 12 months or less.

With regards to principal versus agent considerations, the Group acts as principal in its contracts with resellers. As such the Group recognises revenue net of any commissions. The performance obligations of the Group as applicable to contracts with resellers do not differ from those arising on direct contracts with end customers.

Set-up services

Set-up services vary depending on the scope and complexity of the engagement and type of software service provided. Examples of such services include system configuration, project management, testing assistance and database consulting. Where software requires installation effort, set-up services are deemed to be essential to the functionality of the licence and therefore impacts the timing of the software licence recognition, as control does not transfer until such set-up services have been fully provided. Set-up services are considered fully provided on either the go-live date or date of completion of user acceptance testing, as specified in each contract. Such set-up services are not considered a separate performance obligation and are combined with the corresponding licence subscription fee and recognised rateably over the subscription period.

Certain of the group's services require set-up effort, these are considered to be essential to the functionality of the software and are not considered to be separate performance obligations and do not affect the timing of revenue recognition for licensed subscriptions.

Contract terms

Management considers termination clauses and renewal clauses on a contract-by-contract basis to determine if such clauses grant a material right to the customer. Where management have determined that such material rights exist, these impact the contractual licenced subscription period. Management also assess whether material rights represent separate performance obligations. For the avoidance of doubt, any references to "subscription period" or "subscription term" in these financial statements includes extensions of contractual licence or subscription periods in instances (if any) where management have determined that a material right exists.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.5 Revenue (continued)

Software support and maintenance fees

Unless separately specified, software support and maintenance services are included in licence fees under in the Group contracts. Support and maintenance fees are recognised as a separate performance obligation as they are distinct due to the fact that the customer derives a benefit from these services together with the access to the Group's applications. For example, the customer receives a distinct benefit from the provision of support services in dealing with any issues that arise from the use of the applications, whereas the licence fees provide access to these applications. Support and maintenance fees are recognised as revenue in line with the licensed subscription revenues, from the date at which any set-up services have been fully provided (ie. go-live date or user acceptance date). The transaction price is determined with reference to the standalone selling price of the services based on historical contracted amounts agreed. Management have assessed whether any contracts contain specified upgrade rights and have concluded that no contracts contain material upgrade rights and therefore these are not accounted for as separate performance obligations.

Text and SMS revenues

Text and SMS revenues are recognised at a point in time and in line with usage.

Other revenues

Where ad-hoc development or consulting activities are undertaken for customers, the revenue from these is recognised at a point in time, when control of the service passes to the customer and there are no further outstanding significant commitments in relation to the sale.

Contract assets and liabilities

A contract asset is initially recognised for approved renewals of subscriptions, where the customer continues to have access to the applications but has not been invoiced for the subscription renewal. Upon receipt of a purchase order from the customer and invoicing by the Group, the balance is reclassified to trade receivables.

A contract liability is recognised if a payment is received from a customer in advance of the subscription period to which that payment relates.

The Group has incurred sales commission costs to obtain contracts with customers during the year. Management have elected to apply the exemption from capitalisation of these costs for contracts with a term of 12 months or less. For contracts with terms longer than 12 months, costs are capitalised and amortised over the initial subscription period and the extended period under anticipated renewals.

The Group has incurred costs to fulfil contracts with customers during the year, specifically related to the provision of set-up services. Such costs are capitalised as contract costs and amortised through cost of sales over the licenced subscription period from the date of the completion of the set-up services.

2.6 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.6 Foreign currency (continued)

For the purposes of presenting these financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

2.7 Employee benefits

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

2.8 Share-based payments

Share-based payment transactions of the Group

Equity settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 10.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.9 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.9 Taxation (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.10 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

	Fixtures and fittings	Computer Equipment
Useful life	5 years	3 years
Amortisation method	Straight line over the expected life of the asset	Straight line over the expected life of the asset

2.11 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.11. Intangible assets (continued)

	Technology	Users	Trade Name	Capitalised development costs
Useful life	3 – 10 years	3 – 10 years	3 – 10 years	3 – 5 years
Amortisation method	Straight line over the expected life of the asset	Straight line over the expected life of the asset	Straight line over the expected life of the asset	Straight line over the expected life of the asset
Internally generated or acquired	Acquired	Acquired	Acquired	Internally developed

Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits; , including through contracts with new customers, reductions in the cost of delivering the Group's products; and by enhancing the likelihood of contract renewals
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.12 Impairment of non-financial assets (excluding deferred tax assets)

Impairment tests on goodwill are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value-in-use and fair value less costs to sell), the asset is written down accordingly.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.12 Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets) (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

2.13 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.14 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.14 Financial instruments (continued)

Classification of financial instruments

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in Induction Healthcare Group plc's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of Induction Healthcare Group plc's own equity instruments or is a derivative that will be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of Induction Healthcare Group plc's own shares, the amounts presented in the financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Recognition and initial measurement

Non-derivative financial instruments comprise other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. All financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value plus, for items measured at amortised cost, transaction costs directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets - classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss ("FVTPL"). The Group has no financial assets measured at fair value through other comprehensive income ("FVOCI"). A financial asset is measured at amortised cost if it is both: held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise to cash flows that are solely payments of principal and interest on the amount outstanding.

Financial assets - classification and subsequent measurement

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition, and "interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument, including any terms which may affect the timing or amount of contractual cash flows. All financial assets not measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value with net gains and losses, including any interest or dividend income, recognised in profit or loss.

Financial assets measured at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.14 Financial instruments (continued)

Financial liabilities - classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Measurement and recognition of expected credit losses

The Group recognises loss allowances for expected credit losses ("ECLs") on contract assets and financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECLs, except for cash and cash equivalents which is measured using 12-month ECLs. ECLs are a probability-weighted estimate of credit losses and are measured as the present value of all cash shortfalls expected on financial assets, using the effective interest rate of the financial asset. Lifetime ECLs are the ECLs which result from all possible default events over the expected life of a financial instrument. When determining ECLs, the Group considers reasonable and supportable qualitative and quantitative information that is relevant and available without undue cost or effort. The Group considers a financial asset to be in default when the borrower is unlikely to pay its obligations to the Group in full without recourse by the Group to actions such as realising security (if any held) or when the financial asset is more than 90 days overdue.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition

The Group derecognises a financial asset when the contractual rights to receive cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership are transferred.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the consolidated cash flow statement.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level as this best reflects the way the business is managed, and information provided to management. The assessment includes consideration of the stated objectives of the portfolio, the performance of the portfolio, the risks that affect the performance of the business model, and the frequency, volume and timing of sales of financial assets.

2.15 Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the statement of comprehensive income in the year to which they relate.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.16 Cost of sales

Cost of sales consists of the direct costs associated with the Group's proprietary application. These include costs incurred for server hosting, costs incurred to obtain a contract such as sales commission, and costs incurred to deliver on a contract. Costs incurred to deliver on a contract are staff costs, which are allocated to cost of sales based on an estimation of the proportion of time spent on each contract.

2.17 Segmental reporting

For management purposes, the Group is organised into business units based on its products and services, with separate revenue streams being generated by different business units. These business units operate on a shared cost base. The Board is the Chief Operating Decision Maker ("CODM") and monitors the operating results of the consolidated Group for the purposes of making decisions about resource allocation and performance assessment. Therefore, management have determined that the Group has one reportable segment.

2.18 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. This includes leases of property.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

The lease liability is measured at amortised cost using the effective interest method.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'other financial liabilities in the statement of financial position'.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.19 Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in note 13. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

3. Reporting entity

Induction Healthcare Group plc is a company incorporated, domiciled and registered in England and Wales in the United Kingdom. Its principal activity is the provision of software to healthcare professionals. The registered number is 11852026 and the registered address is 20 St. Dunstan's Hill, London, United Kingdom, EC3R 8HL.

These financial statements include the consolidated financial information of Induction Healthcare Group plc (the "Company") and its subsidiaries (together referred to as the "Group"). Details of Induction Healthcare Group plc's subsidiaries are included in note 15. The Group has only one reportable segment.

4. New standards, interpretations and amendments

No new standards or interpretations have had any impact on the recognition, measurement or disclosures of the Group. The Group has not early-adopted any standards in issue but yet effective.

5. Accounting estimates and judgements

5.1 Significant judgements

Development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. Significant judgement is applied by management in determining the point at which technical feasibility is reached, as well as determining the economic feasibility of the project/feature.

Technological feasibility is achieved at the point at which the product, project or feature is determined to be technically capable of being built which the Group assess with reference to the functionality of other products in the market, and the Group has assessed it has the resources available to complete the development.

Notes (forming part of the financial statements) (continued)

5. Accounting estimates and judgements (continued)

5.1 Significant judgements (continued)

Economic feasibility is achieved when a market for the product has been identified and management have determined that the product will generate future economic benefits, which can be demonstrated by either charging the customer incremental licence fees for a new feature, generating internal cost savings to the Group, or increased likelihood of customer renewals. The judgement is most significant where the future economic benefit of a project is determined to be in the form of increased likelihood of customer contract renewals, where evidence of customer likelihood to renew due to a particular project is uncertain and subjective.

In concluding on the judgement whether economic feasibility has been met, management have considered correspondence with customers; past trends in renewal rates; feature differentiation for which there is demand, and whether the functionality of other similar product features in the market indicates economic feasibility.

Going concern

The directors have applied judgement in assessing that no material uncertainty exists over going concern as part of their going concern assessment. Refer to note 2.2 for full details.

Non-current assets held for sale

Management have applied significant judgement in determining whether the planned disposal of the Induction Switch and Induction Guidance disposal groups meet the requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Management have concluded that the disposal groups are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such disposal groups, and the sale of these disposal groups are highly probable, based on the actions taken by management to commence the active marketing of the disposal groups. The Induction Switch disposal group was sold in June 2023. The Induction Guidance disposal group was announced as sold on 1st July 2024, refer to note 13 and note 31.

Recognition of revenue for professional services

During the year, the Group recognised £2.5m of revenue related to professional services. Management have applied significant judgement in determining whether this revenue is recognised at a point in time, or over time, and concluded that this revenue is recognised at a point in time. Management have also applied significant judgement in determining the point at which control of the goods or services are transferred to the customer, and have concluded that the Group have satisfied the performance obligations within the contracts on delivery into customer user acceptance testing.

5.2 Significant estimates and assumptions

Development costs

In determining the amounts to be capitalised, management makes assumptions regarding the percentage of employee time spent on development activities. At 31 March 2024 the carrying amount of capitalised development costs was £3.3m (2023: £4.5m), of which £1.7m relates to Zesty Limited (2023: £1.9m) and £1.6m to Attend Anywhere Limited (2023 £2.5m). This included additions to internally generated intangible assets of £0.3m (2023: £0.8m), of which £0.3m relates to Zesty Limited (2023: £0.5m) and £Nil to Attend Anywhere Limited (2023: £0.3m). In determining the estimated percentage of time, management considers: the role of the employee; whether the activity is of a research nature (which is not capitalised); whether the standard activities the employee performs are project or customer specific (not capitalised) or related to the development of the products of the entity; and an estimate of other time spent on administrative activities such as training. The percentage of time capitalized is determined on an individual employee basis and is reflective of the time spent purely on developing the products and services of the group for sale to a range of customers. There is a high level of estimation uncertainty to the estimates used, as there is no time tracking system in place for employees to record time spent on a certain activity at the point at which that time is incurred. Development costs capitalised are highly sensitive to the percentages used.

Notes (forming part of the financial statements) (continued)

5 Accounting estimates and judgements (continued)

5.2 Significant estimates and assumptions (continued)

During the year ended 31 March 2024, the average percentage of development costs capitalised, as a percentage of total staff costs for development related employees was 12% or £0.3m (2023: 15% or £0.8m). A reasonably possible decrease of 5 percentage points would result in a decrease in the costs capitalised during the year of £0.3m, resulting in a corresponding decrease in the capitalised development cost balance and an increase in losses for the year. 5 percentage points is considered a reasonably possible change in the capitalisation percentage for an individual employee's time, based on management's historical experience in the variability of time spent on development activities.

Impairment of goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The impairment assessment performed for the purposes of goodwill impairment, includes both goodwill and other intangible assets. For the Induction Zesty and Induction Attend Anywhere CGU's, management do not calculate the fair value less costs of disposal, as reliable inputs to fair value are not available for the assets, and therefore the recoverable amount is the value-in-use. As a result of the planned disposal of the Induction Guidance disposal group (which aligns to the grouping of assets used for the Induction Guidance CGU), the carrying amount of the Induction Guidance CGU will be recovered primarily through sale rather than use, and therefore the recoverable amount was determined to be the fair value less costs of disposal.

The value-in-use ("VIU") calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next two years and projections for another three years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested (including those related to research and development activities performed to create new feature functionality). The recoverable amount is sensitive to the discount rate used for the DCF model; the expected future cash-inflows and cash outflows; and the growth rate used for extrapolation purposes. Management considers EBITDA to be representative of future cash-inflows and outflows. These estimates are most relevant to goodwill recognised by the Group and apply to the Induction Zesty and Induction Attend Anywhere CGU's.

The key assumptions in the VIU assessments are related to the estimation of the discount rate and the cash inflows and outflows which determine EBITDA. The primary source of estimation uncertainty arises from the combined impact of reasonably possible changes in two or more of the above assumptions.

Cash inflows are primarily influenced by assumptions about existing customers' renewal rates; sales of additional services to existing customers; sales made to new customers; the price of the services and the timing of the completion of set-up activities for new customers (or "go-lives"). The major sources of estimation uncertainty in determining cash inflows are the renewal rates of contracts with customers, the number of new customers contracted in a period, and the timing of the completion of set-up activities for these new customers.

Cash outflows are primarily influenced by employee and non-employee workforce costs, supplier costs such as cloud hosting costs, and an allocation of corporate overheads.

Based on the sensitivity analysis performed by management, none of the assumptions mentioned above give rise to significant estimation uncertainty (or an impairment) on an individual basis, but do so in aggregate.

Notes (forming part of the financial statements) (continued)

5 Accounting estimates and judgements (continued)

5.2 Significant estimates and assumptions (continued)

In measuring the fair value of the Induction Guidance CGU, management has adopted an expected value income approach. Management developed a set of discrete potential outcomes and assigned probabilities to the estimated consideration derived from these (the "probability weighted outcomes"). The costs of disposal have been estimated based on historical costs for similar transactions entered into by the group. Refer to note 13 for further information.

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 16. The carrying amount of each CGU is disclosed in note 16.

5.3 Other judgements

Recognition of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has £31.4m (2023: £26m) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses and do not expire. Some of these subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

Two subsidiaries have future taxable profits and deferred tax liabilities, and the Group has recognised deferred tax assets on the tax losses carried forward to the extent that there are sufficient offsetting deferred tax liabilities.

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by £7.8m (2023: £6.5m). This is not considered to be a reasonably possible outcome. Further details on taxes are disclosed in note 12.

Notes (forming part of the financial statements) (continued)

6. Revenue

During the year ended 31 March 2023, the Group classified the Induction Switch and Induction Guidance products as disposal groups held for sale (refer note 13). Consequently, revenues from contracts with customers arising from these products have been presented as part of results from discontinued operations. Revenues as presented in this note include only revenues from continuing operations.

The following is an analysis of the Group's revenue for the year from continuing operations:

	2024 £000	2023 £000
Provision of software (including set-up services of £0.2m (2023: £0.1m))	10,172	11,703
Post-contract support and maintenance	355	258
Text message revenue	630	431
Professional services	2,491	492
Total revenue from contracts with customers	13,648	12,884

All revenue from continuing operations in the above table is derived from the United Kingdom.

The following is an analysis of revenue by product line. Revenues for Induction Guidance and Induction Switch have been included in the results of discontinuing operations, refer note 13.

	2024 £000	2023 £000
Induction Attend Anywhere	8,791	10,709
Induction Zesty	4,857	2,175
	13,648	12,884

The following represents the timing of revenue recognition:

	2024 £000	2023 £000
Services transferred over time	10,527	11,961
Services at point in time	3,121	923
	13,648	12,884

The following represents the transaction prices allocated to performance obligations that are unsatisfied or partially satisfied at 31 March 2024, and the timing of the recognition of revenue from these balances.

	2024 £000	2023 £000
Within one year	7,240	1,330
More than one year	7,919	171
	15,159	1,501

Notes (forming part of the financial statements) (continued)

7. Expenses by nature for continuing operations

The following represents expenses incurred during the year, by nature. These amounts exclude the results of discontinued operations, which are presented separately in note 13.

	2024 £000	2023 £000
Employee costs	7,543	9,630
Depreciation of property, plant and equipment	2	119
Amortisation of intangible assets	3,926	4,514
Impairment of goodwill and intangible assets	—	7,758
Contractors' costs	2,249	2,756
Professional and legal fees	203	512
Research and development expense capitalised	(329)	(805)
Share-based payment charge	299	377

8. Auditors remuneration

	2024 £000	2023 £000
Audit of these financial statements	100	93
Total audit fees	100	93
Interim financial statement review	—	—
Total non-audit fees	—	—
Total audit and non-audit fees	100	93

9. Employee benefit expenses for continuing operations

The following represents employee benefit expenses from continuing operations.

	2024 £000	2023 £000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	5,415	6,934
Social security costs	652	801
Defined contribution pension cost	301	359
Share-based payment expenses	299	361
Other employee benefits	881	1,175
Total employee benefit expense	7,543	9,630

The monthly average number of persons, including the directors, employed by the Group during the year was as follows:

	2024 No. of employees	2023 No. of employees
Development	30	36
Sales and Marketing	11	13
Delivery and Support	16	11
General and Administrative	17	23
Total Average FTE	74	83

The remuneration of the highest paid director was £0.2m (2023: £0.3m). Included in other employee benefits is a bonus of £0.3m (2023: £0.03m).

The Group operates a defined contribution pension plan. The total expense relating to the plan in the year was £0.8m (2023: £0.8m).

Notes (forming part of the financial statements) (continued)

10. Share-based payments

10.1 Details of the employee share option of the Group

On the admission to the AIM market on 22 May 2019, the Group established the Non-tax Advantaged Share Option Plan ("the NTA Plan") which awards executive directors, management and other employees share options. The awards are granted in the form of share options over ordinary shares of £0.005 each with the intent of normal vesting after a minimum period of three years from the date of grant, and an exercise price of £0.005 per option. Vesting is subject to continued services of the participant. No options issued during the year had any vesting conditions other than service conditions attached.

Vesting periods allow for vesting in tranches, whereby one-third of the options awarded vest after one year of service, and the remaining two-thirds of the options vest on a quarterly basis over the remaining two years. No changes were made to the plan in the year ended 31 March 2024.

10.2 Expense recognised during the year

The expense recognised for employee services received during the year is as follows. This includes £0.01m related to discontinued operations.

	2024 £000	2023 £000
Expense arising from equity settled share-based payment transactions	299	377
Total expense arising from share-based payment transactions	299	377

10.3 Fair value of share options granted in the year

The fair value of share options is estimated at the grant date using a Black-Scholes-Merton model, taking into account the terms and conditions on which the options were granted.

The expected life of share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. Due to the fact that the Induction Healthcare Group plc does not have listed share data for the same period as the expected life of the share options, the expected volatility is based on an average of the volatilities of comparable companies in comparative industries and of the same market capitalisation as the Group. This volatility reflects an assumption that the volatility is indicative of future trends, which may not necessarily be the actual outcome.

The weighted average remaining contractual life for the share options outstanding as at 31 March 2024 was 3.98 years (2023: 1.16). Options expire after 10 years.

The weighted average fair value of options granted during the year was £0.21 (2023: £Nil). The weighted average exercise price for options at the start and end of the year were £0.005.

The following share-based payment arrangements were in existence during the current and prior years:

	Year to 31 March 2024	Year to 31 March 2023
Weighted average grant date fair value £	0.64	0.96
Exercise price £	0.005	0.005
Expected volatility %	50.00	50.00
Option life years	3.98	3.98
Risk Free interest rate %	0.62	0.62
Dividend rate %	-	-

Notes (forming part of the financial statements) (continued)

10 Share-based payments (continued)

10.4 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2024 Number of options ('000)	2023 Number of options ('000)
Balance at the beginning of the year	1,608,886	2,200,483
Granted during the year	2,481,350	–
Forfeited during the year	(146,584)	(203,725)
Exercised during the year	(1,402,702)	(387,872)
Outstanding at 31 March	2,540,950	1,608,886
Exercisable at 31 March 2024	2,483,074	1,442,335

11. Finance income and expense

	2024 £000	2023 £000
Finance income		
Interest on:		
- Bank deposits	6	1
Total finance income	6	1
Finance expense		
Finance costs on other financial liabilities	–	1
Finance costs on lease liabilities	11	6
Total finance expense	11	7
Net finance (expense)/income recognised in profit or loss	(5)	(6)

Notes (forming part of the financial statements) (continued)

12. Tax expense

12.1. Income tax recognised in profit or loss

The below table illustrates income tax related to continuing operations, recognised in profit or loss. Income tax related to discontinued operations is disclosed in note 13.

	2024 £000	2023 £000
Current tax		
Corporation tax expense	-	2
Prior year adjustment in respect of research & development tax credit	(4)	-
Total current tax	(4)	2
Deferred tax expense		
Origination and reversal of timing differences	(958)	(800)
Total deferred tax	(958)	(800)
Tax income on loss on ordinary activities	(962)	(798)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2024 £000	2023 £000
Loss for the year	(4,219)	(17,386)
Tax at the standard rate of corporation tax of 25% (2023: 19%)	(1,081)	(3,303)
Expenses not deductible for tax purposes	50	1,647
Share-based payments	(78)	-
Prior year adjustments - research and development tax relief	(4)	-
Deferred tax not recognised	1,292	2,075
Other timing differences	-	(1,099)
Difference in overseas tax rates	-	(104)
Effective rate change	-	(80)
Tax losses utilised in the year	(1,141)	66
Total tax income	(962)	(798)

Expenses not deductible for tax purposes primarily relate to the impairment of the investment in Induction Healthcare Limited in the standalone financial statements of Induction Healthcare Group plc (refer to note 5 in the Company financial statements), and also to unrealised foreign exchange differences on foreign currency cash balances in one subsidiary, which are deductible only once these are realised (i.e. on settlement of the balance).

Deferred tax not recognised relates to unused tax losses carried forward, for which deferred tax assets are only recognised to the extent that there are deferred tax liabilities available with the same tax authority and which will be unwound in the same period as the deferred tax asset. Other timing differences relate to a variety of immaterial timing differences other than those related to intangible assets or tax losses.

Changes in tax rates and factors affecting the future tax charges

The main rate of corporation tax increased from 19% to 25% with effect from 1 April 2023. Therefore, the timing differences for the UK companies are recognised at 25% for deferred tax purposes.

The rate of corporation tax is 25% in Australia for the 2023-24 income year.

Notes (forming part of the financial statements) (continued)

12 Tax expense (continued)

12.2 Current tax assets and liabilities

	2024 £000	2023 £000
Current tax assets		
R&D tax credit receivable	814	1,175

Current tax assets relate to research and development tax credits in respect of 2 subsidiaries, for the years ended 31 March 2020, 31 March 2021 and 31 March 2022. A claim of £0.4m for the year ended 31 March 2020 was settled during the year for one subsidiary.

12.3 Deferred tax balances

A deferred tax liability of £1.9m (2023: £2.9m) has been recognised in relation to the fair value of intangible assets acquired in a business combination. A deferred tax liability of £Nil (2023: £Nil) has been recognised in relation to the fair value adjustments to contract liabilities acquired in business combinations. A deferred tax asset of £0.3m (2023: £0.5m) was recognised in relation to unused tax losses acquired in business combinations. This deferred tax asset was recognised only to the extent that there are deferred tax liabilities available with the same tax authority and which will be unwound in the same period as the deferred tax asset.

A deferred tax asset of £7.7m (2023: £6.5m) has not been recognised due to uncertainty over future taxable profits in the relevant subsidiaries with tax losses. The unrecognised deferred tax asset includes those in relation to tax losses of £31m (2023: £26m). These amounts exclude amounts related to Horizon Strategic Partners Limited, which is expected to generate profits and for which a deferred tax asset of £0.3m (2023: £0.2m) has been recognised. They also exclude those for Zesty Limited, where deferred tax assets have been recognised in relation to the deferred tax liabilities for the intangible fixed assets acquired through business combinations. A deferred tax asset of £0.3m (2023: £0.4m) has been recognised for Zesty Limited.

The following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position:

	2024 £000	2023 £000
Deferred tax assets	501	556
Deferred tax liabilities	(2,831)	(3,870)
	(2,330)	(3,314)

Deferred tax liabilities relate to:

	2024 £000	2023 £000
Intangible assets	(3,774)	(3,813)
Tax losses carried forward	1,283	470
Other	161	29
Total deferred tax liability	(2,330)	(3,314)

Notes (forming part of the financial statements) (continued)

12 Tax expense (continued)

12.4 Reconciliation of deferred tax liabilities, net

	2024 £000	2023 £000
Opening deferred tax balance at tax rate of 25%	(3,314)	(4,287)
Tax expense during the period recognised in profit or loss	958	800
Prior year movements	26	173
Closing deferred tax at tax rate of 25%	(2,330)	(3,314)

12.5 Movement in deferred tax balances

	1 April 2023 (Net) £000	Recognised in profit or loss £000	Other movements £000	31 March 2024 (Net) £000	Deferred Tax Assets £000	Deferred Tax Liabilities £000
2024						
Intangible assets	(3,812)	837	-	(2,975)	(144)	(2,831)
Tax losses	470	165	-	635	635	-
Other	28	(18)	-	10	10	-
Closing deferred tax at tax rate of 25%	(3,314)	984	-	(2,330)	501	(2,831)
	1 April 2022 (Net) £000	Recognised in profit or loss £000	Other movements £000	31 March 2023 (Net) £000	Deferred Tax Assets £000	Deferred Tax Liabilities £000
2023						
Intangible assets	(5,780)	1,976	-	(3,813)	57	(3,870)
Tax losses	1,309	(838)	-	470	470	-
Other	160	(131)	-	28	28	-
Closing deferred tax at tax rate of 25%	(4,311)	798	-	(3,314)	556	(3,870)

13. Discontinued operations and disposal groups held for sale

During the year ended 31 March 2023, management committed to a plan to sell both the Induction Switch and Induction Guidance product lines and all related assets and liabilities, following a strategic decision to place greater focus on the Group's key patient-facing applications.

The Induction Switch and Induction Guidance product lines were therefore classified as disposal groups held for sale for the first time in the year ended 31 March 2023. The grouping of assets aligns to that previously reported for impairment assessment purposes for the Induction Switch and Induction Guidance CGU's.

During the year ended 31 March 2024, the Induction Switch disposal group was sold in June 2023. As at 31 March 2024, the Induction Guidance product line continues to be classified as a disposal group held for sale, as the sale of the product line was completed subsequent to year end, as announced on 1st July 2024. Refer to Note 31 for further details.

Notes (forming part of the financial statements) (continued)

13 Discontinued operations and disposal groups held for sale (continued)

13.1 Results of discontinued operations

The following are the results of discontinued operations:

	Induction Switch		Induction Guidance		Total	
	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000
Revenue	1	4	711	622	712	626
Expenses	(118)	(499)	(1,361)	(996)	(750)	(1,495)
Profit / (loss) from operating activities	(117)	(495)	(650)	(374)	(767)	(869)
Income tax	—	—	—	74	—	74
Profit / (loss) from operating activities, net of tax	(117)	(495)	(650)	(300)	(767)	(795)
Loss on remeasurement of discontinued operation	—	—	—	—	—	—
Income tax on gain / (loss) on remeasurement of discontinued operation	—	—	—	—	—	—
Profit / (loss) from discontinued operations, net of tax	(117)	(495)	(650)	(300)	(767)	(795)

The loss from the discontinued operations is attributable entirely to the owners of the Group.

13.2 Cash flows from / (used in) discontinued operations

The following are the cash flows from / (used in) discontinued operations:

	Induction Switch		Induction Guidance		Total	Total
	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000
Net cash flows from / (used in) operating activities	(117)	(495)	(89)	(22)	(206)	(517)
Net cash flows from / (used in) investing activities	—	—	—	(4)	—	(4)
Net cash flows from / (used in) financing activities	—	—	—	(781)	—	(781)

13.3 Induction Switch disposal group

The sale of the Induction Switch disposal group was finalised in June 2023, and a gain on disposal of £0.7m was recognised.

Notes (forming part of the financial statements) (continued)

13 Discontinued operations and disposal groups held for sale (continued)

13.4 Induction Guidance disposal group

The Group did not recognise a loss on remeasurement of the Induction Guidance disposal group to fair value less costs to sell, as the fair value less costs to sell exceeds the carrying value of the disposal group. The Group did not recognise impairment losses or gains on the remeasurement of the disposal group held for sale. There were no income or expenses included in OCI relating to the disposal group. As the Group presents one operating segment, the Induction Guidance disposal group was not presented separately within any operating segment.

The effect of disposal on the financial position of the Group are as follows:

Assets and liabilities of disposal group held for sale	2024 £000	2023 £000
Deferred tax assets	185	185
Goodwill	857	857
Intangible assets	608	1,238
Contract assets	27	40
Trade and other receivables	136	154
Assets held for sale	1,813	2,474
Deferred tax liabilities	(270)	(270)
Contract liabilities	(595)	(629)
Trade and other payables	(48)	(117)
Liabilities held for sale	(913)	(1,016)

The non-recurring fair value measurement of the disposal group has been recognised as a Level 3 fair value based on the inputs used to determine fair value. The fair value as determined using inputs that are based on valuation methodologies commonly used in the primary industry that the Induction Guidance disposal group operates in.

14. Loss per share

14.1 Basic loss per share

	2024 £	2023 £
From continuing operations attributable to the ordinary equity holders of the Group	(0.03)	(0.18)
Total basic loss per share attributable to the ordinary equity holders of the Group	(0.04)	(0.19)

14.2 Diluted loss per share

	2024 £	2023 £
From continuing operations attributable to the ordinary equity holders of the Group	(0.03)	(0.18)
Total diluted loss per share attributable to the ordinary equity holders of the Group	(0.04)	(0.19)

14.3 Reconciliation of loss used in calculating loss per share

	2024 £000	2023 £000
Loss attributable to the ordinary equity holders of the Group used in calculating basic loss per share and diluted loss per share:		
From continuing operations	(3,245)	(16,588)
From discontinued operations	(767)	(795)
Gain on sale of disposal group	755	–
	(3,257)	(17,383)

Notes (forming part of the financial statements) (continued)

14. Loss per share (continued)

14.4 Weighted average number of shares used as the denominator

	2024 number	2023 number
Shares in issue at the beginning of the period	92,380,298	92,050,725
Issue of ordinary shares on exercise of equity settled share-based payments	1,469,076	329,573
Issued ordinary shares as at the end of the period	93,849,374	92,380,298
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	92,781,687	92,370,368

During the year ended 31 March 2024, the Group issued 1,469,076 shares to option holders who exercised options held under the equity settled share-based payments scheme, the NTA Plan. Refer to note 10 for further details on the plan.

15. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Proportion of ownership interest in ordinary shares and voting power held by the Group (%)

Name of subsidiary	Registered number	Registered Address	Principal activity	Place of incorporation and operation	Directly owned by the Company	2024	2023
Induction Healthcare Limited	11232772	30 Crown Place, Earl Street, London. EC2A 4ES	Investment holding company	United Kingdom	✓	100%	100%
Induction Healthcare (UK) Limited	11237890	30 Crown Place, Earl Street, London. EC2A 4ES	Provision of software to healthcare providers	United Kingdom		100%	100%
Induction Healthcare Pty Ltd	625119397	Level 2, Suite 2.03, 574 St. Kilda Road, Melbourne, Victoria, 3001	Provision of software to healthcare providers	Australia		100%	100%
Horizon Strategic Partners Limited	06285278	30 Crown Place, Earl Street, London. EC2A 4ES	Provision of software to healthcare providers	United Kingdom	✓	100%	100%
Zesty Limited	08294659	30 Crown Place, Earl Street, London. EC2A 4ES	Provision of software to healthcare providers	United Kingdom	✓	100%	100%
Attend Anywhere Pty Ltd	081211707	Level 2, Suite 2.03, 574 St. Kilda Road, Melbourne, Victoria, 3001	Provision of software to healthcare providers	Australia	✓	100%	100%
A.C.N. 167 231 307 Pty Ltd	167231307	Level 2, Suite 2.03, 574 St. Kilda Road, Melbourne, Victoria, 3001	Investment Holding Company	Australia	✓	100%	100%

Notes (forming part of the financial statements) (continued)

15 Subsidiaries (continued)

All subsidiaries have reporting periods that end on 31 March 2024.

Induction Healthcare Limited (registered number 11232772), Induction Healthcare (UK) Limited (registered number 11237890), Horizon Strategic Partners Limited (registered number 06285278) and Zesty Limited (registered number 08294659) have taken advantage of the exemption from audit under section 479A of the Companies Act 2006, and Induction Healthcare Group plc has provided a parental guarantee in accordance with section 479C of the Companies Act 2006.

16. Goodwill

16.1 Carrying amount of goodwill

The following represents the carrying value of goodwill as at 31 March 2024.

	2024 £000	2023 £000
Cost	17,743	18,164
Accumulated impairment	(7,479)	(7,479)
	10,264	10,685

The following reconciles goodwill at the beginning and end of the period.

	2024 £000	2023 £000
Cost		
At 1 April	18,164	20,175
Transferred to assets of disposal groups held for sale	—	(1,553)
Translation differences	(421)	(458)
At 31 March	17,743	18,164
Accumulated impairment		
At 1 April	7,479	417
Impairment charge	—	7,758
Transferred to assets of disposal groups held for sale	—	(696)
At 31 March	7,479	7,479

The net carrying value of goodwill transferred to assets of disposal groups held for sale was £0.8m. During the year ended 31 March 2023, the Group classified the Induction Guidance CGU as a disposal group held for sale, refer to note 13. This remains held for sale at 31 March 2024. As a result, goodwill balances relating to this CGU have been reclassified to assets held for sale, after the impairment losses detailed below were recognized.

Notes (forming part of the financial statements) (continued)

16. Goodwill (continued)

16.2 Allocation of goodwill to cash generating units

Goodwill is allocated to the Group's cash generating unit as follows:

	2024 £000	2023 £000
Induction Attend Anywhere	9,507	9,928
Induction Zesty	757	757
	10,264	10,685

The Attend Anywhere CGU consists of the assets and cash flows related to the Attend Anywhere video consultation product. The Zesty CGU consists of the assets and cash flows related to the Zesty patient portal product.

Goodwill in relation to the Induction Guidance CGU has been re-classified to assets of disposal groups held for sale in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations. Refer note 13 for more information.

16.3 Recoverable amount, carrying amount and headroom / impairment losses

The following table illustrates the recoverable amount, carrying amount and headroom for each of the CGU's. The recoverable amounts of the Induction Zesty and Induction Attend Anywhere CGU's were determined to be the value-in-use ("VIU"). Due to the decision to dispose of the Induction Guidance CGU (refer note 13), the carrying amount will be recovered primarily through sale and therefore the recoverable amount was determined as the fair value less costs of disposal ("FVLCD").

	Goodwill allocated		Carrying amount of CGU (incl. goodwill)		Recoverable amount		Headroom / (Impairment)	
	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000
Induction Attend Anywhere	9,507	10,385	20,271	21,466	21,461	27,428	1,190	5,962
Induction Zesty	757	8,237	1,335	351	22,236	351	20,901	(7,479)
	10,264	19,758	21,606	24,058	43,697	29,741	22,091	(1,796)

The Induction Guidance CGU was impaired during the year ended 31 March 2023 as a result of the intention to dispose of the CGU and the fact that its fair value less costs of disposal is therefore its recoverable amount. The non-recurring fair value measurement of the disposal group has been recognised as a Level 3 fair value based on the inputs used to determine fair value. The fair value was determined using an expected value income approach, and using inputs such as income multiples that are commonly used in the primary industry that the Induction Guidance disposal group operates in. No further impairment was recognised during the year ended 31 March 2024.

Notes (forming part of the financial statements) (continued)

16. Goodwill (continued)

16.3 Recoverable amount, carrying amount and headroom / impairment losses (continued)

The following table illustrates the key discount and growth rate assumptions applied for each CGU:

	Pre-tax discount rate		Long term average growth rate		Forecast period length (years)	
	2024 %	2023%	2024%	2023%	2024	2023
Induction Attend Anywhere	19.9%	16.3%	2.5%	2.5%	5	5
Induction Zesty*	16.7%	15.0%	2.5-10%	2.5-10%	5	5

* Cash flows beyond the five-year period are extrapolated using a declining growth rate, determined using the H-model. The H-model uses a gradually declining growth rate of between 10% to 2.5%, with a higher growth component beyond the five-year forecast period as inputs to estimate the present value of the higher growth component

16.4 Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions

The calculation of value-in-use for the Induction Zesty and Induction Attend Anywhere CGU's is most sensitive to the following assumptions:

- Earnings before interest, tax, depreciation and amortisation ("EBITDA"). EBITDA is significantly influenced by cash inflows and cash outflows.
- Discount rates

EBITDA

EBITDA is determined by deducting the budgeted costs to be incurred (cash outflows) from payments received from customers (cash inflows). Cash in-and-outflows are determined based on detailed budgets for the first two years of the forecast period, and then extrapolated for the remaining forecast period using an appropriately declining growth rate to reach the terminal growth rate.

Detailed budgets for cash inflows from payments received from customers are determined using assumptions on existing customer renewal rates; sales of additional services to existing customers; sales made to new customers; pricing assumptions based on a standard price list as determined by the Group's pricing policy, and assumptions regarding the timing of the completion of set-up activities for new customers (or "go-lives").

Cash outflows primarily consist of employee and non-employee workforce costs, supplier costs such as cloud hosting costs; and an allocation of the corporate overhead costs.

During the year ended 31 March 2024, a reasonably possible decrease of 5% in EBITDA would not have resulted in an impairment the Induction Attend Anywhere CGU. A decrease of 7% would have resulted in the impairment of the Attend Anywhere CGU. During the year ended 31 March 2023, a reasonably possible rise in the pre-tax discount rate of 1% in the Attend Anywhere CGU would have resulted in an impairment of the Attend Anywhere CGU. A rise in the pre-tax discount rate of 1% to 20.9% in the Induction Attend Anywhere CGU would have resulted in the elimination of the headroom of the CGU.

During the year ended 31 March 2024, a reasonably possible decrease of 5% in EBITDA would not have resulted in an impairment of the Induction Zesty CGU. A decrease of 85.6% would have resulted in the impairment of the Induction Zesty CGU. During the year ended 31 March 2024, a reasonably possible rise in the pre-tax discount rate of 1% to 17.7% in the Zesty CGU would not have resulted in the elimination of the headroom of the Induction Zesty CGU. A rise in the pre-tax discount rate of 50.6% to 67.3% in the Induction Zesty CGU would have resulted in the elimination of the headroom of the CGU.

Notes (forming part of the financial statements) (continued)

16. Goodwill (continued)

16.4 Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions (continued)

Management have sensitised the EBITDA assumption below for the Induction Attend Anywhere and Induction Zesty CGU's.

	Reasonably possible decrease % 2024	Impact of reasonably possible decrease 2024	% decrease resulting in impairment 2024
Induction Attend Anywhere	5%	(850)	7%
Induction Zesty	5%	(372)	85.6%

5% is considered to be a reasonably possible decrease for the Induction Attend Anywhere CGU due to the maturity of the products, high renewal rates, and lower reliance on new customer wins within this CGU.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into account the time value of money and individual risks of the underlying assets that have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from the weighted average cost of capital ("WACC").

The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. These were £Nil for the year ended 31 March 2024 (2023: £Nil). The beta factors were first evaluated in the year ended 31 March 2020, based on publicly available market data, and re-evaluated in the year ended 31 March 2022. These remain relevant for the year ended 31 March 2024.

Adjustments to the discount rate are made to factor in the specific amount and timing of the future cash flows arising from income tax in order to reflect a pre-tax discount rate. The assumptions made in determining the discount rate were updated during the year ended 31 March 2022 to reflect the changes in the nature of the business as a result of the acquisition of Attend Anywhere Pty Ltd, however this did not result in a change in the post-tax discount rate for the Group.

Discount rates are reviewed each year. Pre-tax discount rates as disclosed above are dependent on the tax rates in the jurisdiction where the CGU is based and therefore differ from the Group's WACC. One percentage point is considered a reasonably possible increase in the discount rate.

	Impact of reasonably possible percentage point increase in discount rate		Percentage point increase resulting in impairment	
	2024	2023	2024	2023
Induction Attend Anywhere	(1,190)	(2,093)	1.0%	3.3%
Induction Zesty	(1,086)	(934)	50.6%	0.3%

Notes (forming part of the financial statements) (continued)

17. Intangible assets

	Trade name £000	Users £000	Technology £000	Total £000
Cost				
At 31. March 2022	633	9,460	17,414	27,507
Additions - internally developed	–	–	809	809
Transferred to assets of disposal groups held for sale	(264)	(919)	(1,024)	(2,207)
Translation differences	–	(394)	(556)	(950)
At 31. March 2023	369	8,147	16,643	25,159
Additions - internally developed	–	–	329	329
Translation differences	–	(363)	(512)	(875)
At 31. March 2024	369	7,784	16,460	24,613
Accumulated amortisation and impairment				
At 31. March 2022	144	1,386	5,014	6,544
Charge for the year	62	1,620	3,034	4,716
Transferred to assets of disposal groups held for sale	(102)	(355)	(513)	(970)
Translation differences	–	(395)	13	(382)
At 31. March 2023	104	2,256	7,548	9,908
Charge for the year	37	1,387	2,606	4,030
Translation differences	–	(182)	(305)	(487)
At 31. March 2024	141	3,461	9,849	13,451
Net book value				
At 31. March 2023	265	5,891	9,095	15,251
At 31. March 2024	228	4,323	6,611	11,162

Notes (forming part of the financial statements) (continued)

18. Property, plant and equipment

	Fixtures and fittings £000	Computer equipment £000	Right-of-use asset – Buildings £000	Total £000
Cost				
At 31 March 2022	3	125	211	339
Additions	—	13	—	13
Disposals	—	(98)	(201)	(299)
Translation differences	—	(2)	(10)	(12)
At 31 March 2023	3	38	—	41
Translation differences	—	(1)	—	(1)
At 31 March 2024	3	37	—	40
Accumulated depreciation and impairment				
At 31 March 2022	3	79	13	95
Provided during the year	—	50	70	120
Disposals	—	(98)	(78)	(176)
Translation differences	—	(2)	(5)	(7)
At 31 March 2023	3	29	—	32
Provided during the year	—	2	—	2
At 31 March 2024	3	31	—	34
Net book value				
At 31 March 2023	—	9	—	9
At 31 March 2024	—	6	—	6

19. Trade and other receivables

	2024 £000	2023 £000
Trade receivables	3,510	2,069
Trade receivables net	3,510	2,069
Total financial assets other than cash and cash equivalents classified as loans and receivables	3,510	2,069
Prepayments	81	125
Social security and other taxes receivable	—	126
Other receivables	167	352
Total trade and other receivables	3,758	2,672

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

Trade receivables are non-interest bearing and are generally on terms of 30 days. Included within trade and other receivables is £nil expected to be recovered in more than 12 months (2023: £nil).

An allowance for expected credit losses is not material to the Group, due to the nature of the customers of the Group (primarily NHS), for which the risk of default has been assessed to be negligible.

Other receivables of £0.2m (2023: £0.3m) include deposits held with a financial institution as guarantee for amounts owing under a lease of £0.1m (2023: £0.1m) and sub-lease receivables of £0.1m (2023: £0.1).

Notes (forming part of the financial statements) (continued)

20. Contract assets

20.1 Contract assets

The below table reconciles the movement in contract assets during the year.

	2024 £000	2023 £000
Balance at 1 April	670	276
Transfers from contract assets to contract liabilities, on invoice of accrued amounts	(1,891)	(2,799)
Additions for subscriptions commenced, not yet invoiced	2,081	3,208
Translation differences	(12)	(15)
Balance at 31 March	848	670

20.2 Contract costs to obtain a contract

The below table reconciles the movement in contract costs to obtain a contract.

	2024 £000	2023 £000
Balance at 1 April	378	345
Contracts costs - to obtain a contract	294	608
Amortisation of contract costs to obtain a contract	(345)	(623)
Translation differences	(40)	48
Balance at 31 March	287	378

20.3 Contract costs to fulfil a contract

The below table reconciles the movement in contract costs to fulfil a contract.

	2024 £000	2023 £000
Balance at 1 April	180	165
Contract costs - to fulfil a contract	174	348
Amortisation of contract costs to fulfil a contract	(123)	(333)
Balance at 31 March	231	180

20.4 Total Contract assets

	2024 £000	2023 £000
Balance at 31 March	1,366	1,228

21. Cash and cash equivalents

	2024 £000	2023 £000
Cash at banks and on hand	3,690	4,287
Cash and cash equivalents per the statement of financial position and cash flow statement	3,690	4,287

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made on weekly basis, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Notes (forming part of the financial statements) (continued)

22. Trade and other payables

	2024 £000	2023 £000
Trade payables	1,195	848
Other payables	55	65
Accruals	1,656	1,096
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	2,906	2,009
Other payables tax and social security payments	665	704
Total trade and other payables	3,571	2,713
Current taxation payable	—	—

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates to fair value.

Included within trade and other payables is £nil expected to be settled in more than 12 months (2023: £nil). All trade and other payables are non-interest bearing and are normally settled on 30-day terms.

23. Contract liabilities

	2024 £000	2023 £000
Current	3,920	3,588
Non-current	1,702	2,198
Total contract liabilities	5,622	5,786

	2024 £000	2023 £000
Balance at 1 April	5,786	2,906
Revenue recognised	(11,162)	(9,684)
Increases due to cash received excluding amounts recognized as revenue during the year	11,997	13,885
Other changes (including transfers from contract assets on invoice of accrued amounts)	(753)	(267)
Translation differences	(246)	(419)
Transfers to liabilities associated with disposal groups held for sale	—	(635)
Balance at 31 March	5,622	5,786

Other changes (including transfers from contract assets on invoice of accrued amounts) relates to the offsetting of contract asset ("accrued income") balances for subscriptions that have renewed but have not yet been invoiced, against contract liabilities ("deferred income"), when those accrued balances are invoiced (and therefore derecognised). Since the revenue has been recognised already through accrued income, this offset is required in order to ensure the contract liabilities balance represents the balance of performance obligations not yet satisfied.

24. Provisions

	Onerous contracts £000	Restructuring and termination £000	Total £000
Carrying amount			
Balance at 1 April 2023	105	424	529
Released during the year	(105)	(424)	(529)
Balance at 31 March 2024	—	—	—

Notes (forming part of the financial statements) (continued)

25. Provisions (continued)

The provision for onerous contracts at 1 April 2023 consisted of the unavoidable costs of performance against non-healthcare contracts.

The provision for restructuring and termination costs at 1 April 2023 related to costs committed as a result of the right-sizing of the Group's activities during the year ended 31 March 2023.

All provisions were realised during the year to 31 March 2024.

25. Share capital

For the purposes of the Group's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group does not have any interest-bearing loans and borrowings. There have been no changes to the Group's capital management policies and processes during the year ended 31 March 2024.

Authorised

	2024 Number ('000)	2024 £000	2023 Number ('000)	2023 £000
Shares treated as equity	93,849	469	92,380	462
Ordinary shares of £0.0050 each	93,849	469	92,380	462

Issued and fully paid

	2024 Number ('000)	2024 £000	2023 Number ('000)	2023 £000
Ordinary shares of £0.0050 each				
At 1 April	92,380	462	92,051	460
Issue of ordinary shares	—	—	—	—
Issue of shares as consideration for a business combination	—	—	—	—
Issue of shares on exercise of equity settled share-based payments	1,469	7	329	2
At 31 March	93,849	469	92,380	462

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Induction Healthcare Group plc.

The number of share options granted to employees of the Group that are exercisable at 31 March 2024 is 2,483,074 (2023: 1,442,335). An equivalent number of shares will be issued in future on exercise of the options by employees.

Notes (forming part of the financial statements) (continued)

26. Reserves

The following represents the movement in the share premium:

26.1 Share premium

	2024 £000	2023 £000
At 1 April	41,665	41,665
Issue of shares on exercise of equity settled share-based payments	311	—
At 31 March	41,976	41,665

26.2 Foreign exchange reserve

The translation reserve comprises all foreign exchange differences arising since 5 March 2018 (date of incorporation) from the translation of the financial information of foreign operations.

26.3 Merger reserve

During the year ended 31 March 2022, Induction Healthcare Group plc acquired 83.5% of the share capital of Attend Anywhere Pty Limited and 100% of the share capital of A.C.N. 167 231 307 PTY Ltd, which owns 16.5% of the share capital of Attend Anywhere, thereby obtaining 100% control over Attend Anywhere. Attend Anywhere Pty Limited owns 100% of the share capital of Attend Anywhere Limited, a UK subsidiary. Prior to the acquisition, a fundraising of £25m was held which led to the issue of 35,714,285 New Ordinary Shares. The consideration included payments of £0.8m in cash for the purchase of net assets at the completion date, cash consideration of £15.6m, plus the issue of 14,285,714 New Ordinary Shares which had a fair value of £9m. The acquisition was effected by way of a share-for-share exchange, whereby the shareholders of the above entities exchanged their shares for an equivalent number of shares in Induction Healthcare Group plc.

The difference between the nominal amount of the shares and the fair value of the shares has been recognised in the merger reserve.

Where the conditions set out in section 612 of the Companies Act 2006 or equivalent sections of previous Companies Acts are met, shares issued as part of the consideration in a business combination are measured at their fair value in the Consolidated Statement of Financial Position, and the difference between the nominal value and fair value of the shares issued is recognised in the merger reserve.

There has been no movement in the merger reserve during the year.

	2024 £000	2023 £000
At 1 April	20,205	20,205
	—	—
At 31 March	20,205	20,205

26.4 Other reserves

Other reserves arise from the Group's equity settled share option scheme. The reserve represents the value of stock options in issues and still to be exercised. The cumulative value of the reserve is decreased for forfeitures. Upon exercise of options by option holders, the difference between fair value and exercise price is reclassified from other reserves to retained earnings / (losses). Refer to note 10 for further details.

Notes (forming part of the financial statements) (continued)

27. Financial instruments, fair values and risk management

27.1 Financial assets

The following table shows the carrying amounts and fair values of financial instruments as at 31 March 2024 and 31 March 2023. For financial assets not measured at fair value, the carrying amount is considered to be a reasonable approximation of fair value.

	2024 £000	2023 £000
Financial assets measured at amortised cost		
Trade receivables	3,510	2,069
Other receivables	186	366
Social security and other taxes receivable	99	227
Cash and cash equivalents	3,690	4,287
	7,485	6,949

The business does not hold any other form of financial assets.

Management have assessed that the fair values of cash and short-term deposits and other receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

27.2 Financial liabilities

The following table shows the carrying amounts and fair values of financial liabilities as at 31 March 2024 and 31 March 2023. For financial liabilities not measured at fair value, the carrying amount is considered to be a reasonable approximation of fair value.

	2024 £000	2023 £000
Financial liabilities measured at amortised cost		
Trade and other payables	3,528	2,712
Lease liabilities (included in "other financial liabilities")	57	128
	3,585	2,840

27.3 Financial risk management objectives

The Group's principal financial liabilities, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations.

Notes (forming part of the financial statements) (continued)

27. Financial instruments, fair values and risk management (continued)

27.3 Financial risk management objectives (continued)

The Group has exposure to the following principal financial risks in the operation and management of its business:

Market risk

Foreign currency risk;
Credit risk; and
Liquidity risk

27.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Interest rate risk is not considered to be material to the Group. The Group is not exposed to any other market risks aside from foreign currency risk.

27.5 Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group's main exposure is to the United States dollar and the Australian dollar. The Group's exposure to the US dollar is as a result of web hosting costs, which forms the majority of cost of sales, being denominated in US dollars. The Group's exposure to the Australian dollar is as a result of the Group's operations in Australia related to Attend Anywhere Pty Limited. The Group has a bank account denominated in Australian dollars and the Group's exposure to foreign exchange risk is limited by ensuring the Group has enough cash in this account to cover approximately six months of expenditure. The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments based on notional amounts. Sensitivity analysis has not been presented as the effects of reasonably possible strengthening or weakening of the foreign currencies below would not have a material impact on the Group's financial information.

	Liabilities £000	Assets £000
2023		
Australian dollar	(1,001)	196
Sterling	(1,839)	6,160
	(2,840)	6,356
2024		
Australian dollar	(815)	136
Sterling	(2,770)	7,065
	(3,585)	7,201

27.6 Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

Notes (forming part of the financial statements) (continued)

27. Financial instruments, fair values and risk management (continued)

27.6 Credit risk management (continued)

The Group's principal financial assets are cash and cash equivalents, trade receivables, other financial assets, and other receivables, the carrying values of which represent the Group's maximum exposure to credit risk in relation to financial assets, as shown in this note. The Group's credit risk is primarily attributable to its cash and cash equivalents. The credit risk arising from cash and cash equivalents is limited because the counterparties are banks with Triple-A credit-ratings assigned by international credit rating agencies.

The credit risk arising from trade receivables and contract assets is assessed as limited, due to the nature of the counterparties, which consist of primarily NHS customers. Therefore, no provision for expected credit losses has been recognised on trade receivables or contract assets. Contract asset balances below relate only to accrued income, as contract costs are not subject to credit risk management as these costs are already incurred and capitalised.

	Current £000	<30 days £000	30 - 60 days £000	60 - 90 days £000	>91 days £000
2023					
Trade receivables	1,195	928	16	–	66
Contract assets	669	–	–	–	–
2024					
Trade receivables	2,749	845	20	–	24
Contract assets	848	–	–	–	–

27.7 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's treasury policies are designed to ensure that sufficient cash is available to support current and future business requirements. Cash management is a core feature of the Group's business model and rolling cash flow forecasts, updated on at least a monthly basis, are reviewed to manage these requirements. The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

	cash flows				
	Carrying amount £000	Total £000	Less than 12 months £000	1-5 years £000	More than 5 years £000
2023					
Trade payables	2,713	2,713	2,713	–	–
Lease liabilities (included in "other financial liabilities")	127	127	72	55	–
2024					
Trade payables	3,528	3,528	3,528	–	–
Lease liabilities (included in "other financial liabilities")	57	57	57	–	–

28. Related party transactions

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

28.1 Identities of related parties with whom the Group has transacted

Note 15 provides information about the Group's structure, including subsidiaries and the holding company. The related parties with whom the Group has transacted are i) the subsidiaries within the group and ii) key management personnel.

Notes (forming part of the financial statements) (continued)

28 Related Party transactions (continued)

28.2 Compensation of key management personnel

The remuneration of the directors and other members of key management personnel during the year was as follows:

	2024 £000	2023 £000
Short-term employee benefits	653	1,209
Post-employment pension and other benefits	21	37
Termination benefits	-	187
Share-based payment transactions	122	286
Bonus	22	193
Other benefits	-	4
Total compensation paid to key management personnel	818	1,916

Key management remuneration comprises short-term benefits only. The remuneration of the highest paid director was £0.2m (2023: £0.3m).

29. Leases

The Group leases office space. The lease was entered into during the year ended 31 March 2022. The lease runs for a period of 3 years, with an option to renew the lease after that date. Lease payments increase at a rate of 3% per annum, on the anniversary of the lease commencement date. The group has recognised a right of use asset and lease liability for this lease. The group does not have any other leases, including those that are short term and/or leases of low value items.

During the year ended 31 March 2023, the Group entered into a sub-lease agreement for the above lease. This sub-lease was signed during the year ended 31 March 2023 and is effective on 1 April 2023 for a term of one year and ten months. Therefore, no sub-lease payments were recognised in the year ended 31 March 2023. The sub-lease has been accounted for as a finance lease, and a lease receivable of £0.1m has been recognised and included in trade and other receivables.

Right of use assets that meet the definition of property, plant and equipment have been presented as part of property, plant and equipment, refer note 18. During the year ended 31 March 2023, the Group vacated the premises that are subject to the lease, and entered into a sub-lease for the premises, which is accounted for as a finance lease. Consequently, the right-of-use-asset has been fully depreciated in the year ended 31 March 2023. The related lease liability has been presented as part of "Other financial liabilities" and disclosures are included in note 27.

30. Contingent liabilities

As at 31 March 2024 the Group had £nil contingent consideration liabilities (2023: £nil).

31. Events after the reporting date

On the 1st July 2024 the Group announced the completion of the sale of Horizon Strategic Partners Ltd ("Induction Guidance") a supplier of a clinical management platform for a consideration of £1.2m. This sale is in line with the previously announced strategy to divest non-core assets. The revenues of Induction Guidance are disclosed as part of the discontinued operations. Further details are found at Note 13.

Company Statement of Financial Position

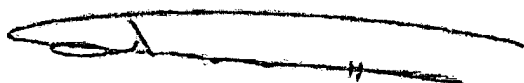
as at 31 March 2024

	Note	2024 £'000	2023 £'000
Assets			
Non-current assets			
Investments in subsidiaries	4	29,545	29,246
Amounts receivable from group companies	6	4,607	4,585
Total non-current assets		34,152	33,831
Current assets			
Trade and other receivables		61	35
Total assets		34,213	33,866
Liabilities			
Current liabilities			
Trade and other payables	7	1,536	1,066
Total current liabilities		1,536	1,066
Total liabilities		1,536	1,066
Net assets		32,678	32,800
Issued capital and reserves			
Share capital	8	469	462
Share premium	9	41,976	41,665
Other reserves	9	1,566	1,578
Merger reserve	9	20,205	20,205
Retained earnings	9	(31,538)	(31,110)
TOTAL EQUITY		32,678	32,800

The loss for the year for the Company was £0.4m (2023: £12.5m).

The notes on pages 92 to 97 form an integral part of these Financial Statements.

The financial statements were approved and authorised for issue by the board of directors on 3rd July 2024 and were signed on its behalf by:



John McIntosh
Director
Company registered number: 11852026

Company Statement of Changes in Equity

for the year ended 31 March 2024

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 April 2022	460	41,665	20,205	1,405	(18,808)	44,927
Total comprehensive loss for the year						
Loss for the year	—	—	—	—	(12,506)	(12,506)
Total comprehensive loss for the year	—	—	—	—	(12,506)	(12,506)
Transactions with owners, in their capacity as owners						
Issue of ordinary shares						
Issue of ordinary shares as consideration for a settled share-based payments	2	—	—	(205)	205	2
Share-issue costs	—	—	—	378	—	378
Equity-settled share-based payments	—	—	—	378	—	378
Reclassification of equity						
Total contributions by and distributions to owners	2	—	—	173	205	380
At 31 March 2023	462	41,665	20,205	1,578	(31,110)	32,800
Total comprehensive loss for the year						
Loss for the year	—	—	—	—	(428)	(428)
Total comprehensive loss for the year	—	—	—	—	(428)	(428)
Transactions with owners, in their capacity as owners						
Issue of ordinary shares on exercise of equity settled share-based payments	7	311	—	(311)	—	7
Equity-settled share-based payments	—	—	—	299	—	299
Total contributions by and distributions to owners	7	311	—	(12)	—	306
At 31 March 2024	469	41,976	20,205	1,566	(31,538)	32,678

The notes on pages 92 to 97 form an integral part of these Financial Statements.

Company Cash Flow Statement

for the year ended 31 March 2024

	2024 £'000	2023 £'000
Cash flows from operating activities		
Loss for the year	(428)	(12,506)
Adjustments for:		
– Other non-cash movements	–	(35)
(Increase) / decrease in amounts due from group companies	110	12,335
Net cash used in operating activities	(318)	(207)
Cash flows from investing activities		
Payments for acquiring businesses, net of cash acquired	–	–
Payments for issue of shares on exercise of equity settled share-based payments	318	207
Net cash from investing activities	318	207
Cash flows from financing activities		
Share issue proceeds	–	–
Share issue costs	–	–
Net cash from financing activities	–	–
Net movement in cash equivalents	–	–
Cash and cash equivalents at the beginning of the year	–	–
Cash and cash equivalents at the end of the year	–	–

The notes on pages 92 to 97 form an integral part of these Financial Statements.

Notes to the company financial statements

1. Accounting policies

1.1 Going concern

The Company operates as an investment company for the Induction Healthcare Group plc, holding investments in subsidiaries financed by Group companies. As the Company is an intrinsic part of the Group's structure, the Directors have a reasonable expectation that Group companies will continue to support the Company through trading and cash generated from trading until the end of the going concern forecast period at 30 June 2025. On this reason, the Directors have adopted the going concern assumption in preparing the financial statements. Please refer to note 2.2 in the consolidated financial statements for Induction Healthcare Group plc for going concern considerations for the Group.

1.2 Share-based payments

Where the Company grants share-based awards over its own shares in exchange for employee services rendered to its subsidiaries, it recognises an increase to the cost of investment equivalent to the share-based payment expense recognised in the consolidated financial statements and a corresponding credit in other reserves in equity.

The Company does not recharge the obligation to settle equity-settled share option awards relating to employees employed by UK subsidiaries to the subsidiary. The Company recognises in its individual financial statements an allocated percentage of the share-based payment charge for employees performing some duties for the Company. Therefore, the cost of investment increases by the share-based payment expense recognised in the consolidated financial statements net of amounts relating to services supplied to the company. Refer to note 2 of the consolidated financial statements for the accounting policy in respect of share-based payments.

1.3 Financial instruments

Financial assets and liabilities are recognised on the Company statement of financial position when the Company becomes a contractual party to the instrument. When financial instruments are recognised initially, they are measured at fair value, which is the transaction price plus, in the case of financial assets and financial liabilities not measured at fair value through profit and loss, directly attributable transaction costs.

Management calculate the weighted-average loss rate in measuring the expected credit loss allowance for intra-group receivables. The credit risk exposure of intra-group receivables arises from the loan receivable from Induction Healthcare Limited, due to its investment in Induction Healthcare (UK) Limited and the fact that the CGU to which Induction Healthcare (UK) Limited is allocated is the Induction Switch CGU, which remains impaired. The expected credit loss ("ECL") provision is calculated as a weighted average expected value of the range of outcomes with regards to default on repayment of the intra-group receivable. The range of outcomes is binary (ie. either default or no default) and a range of probabilities of 20% to 80% is allocated to each scenario.

1.4 Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

1.5 Cash flow statement

Induction Healthcare Group plc does not have a bank account. Management have applied judgement and elected to present a cash flow statement.

2. Reporting entity

Induction Healthcare Group Plc (the 'Company') is a public company incorporated, domiciled and registered in England in the United Kingdom. The Company's registered office is at 20 St Dunstan's Hill, London, EC3R 8HL. The Company's principal activity is the provision of software to healthcare professionals.

3. Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards ("UK- adopted IFRS").

Details of the Company's accounting policies, including changes during the year, are included in note 1.

Notes to the company financial statements (continued)

3. Basis of preparation (continued)

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Income statement or Statement of Comprehensive Income in these financial statements.

The financial statements have been prepared on the historical cost basis.

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand pounds, unless otherwise indicated.

4. Judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The only source of significant estimation uncertainty in the parent company financial statements is in respect of the recoverability of the cost of investments in Attend Anywhere (£25.4m).

Management have prepared value-in-use estimates for these investments. The key assumptions in these estimates were the same as those identified in Note 5 and Note 16 of the consolidated financial statements for Induction Healthcare Group plc - being discount rate, payments received from customers, cash outflows (excluding those related to the enhancement of assets, and cash outflows related to the enhancement of assets. Induction Attend Anywhere is a CGU for the purpose of goodwill impairment testing, this is because these CGUs map one-to-one into the corresponding legal entities.

5. Investments in subsidiaries

The investments in subsidiaries represent the investments of Induction Healthcare plc in entities that are wholly owned subsidiaries of the company. A full list of subsidiaries is included in note 15 of the consolidated financial statements for the Group.

During the year ended 31 March 2023, management performed an impairment assessment of the investments in subsidiaries. As a result, management impaired the investment in Zesty Limited by £11.7m. The recoverable amount of the investment in Zesty Limited is the value-in-use as determined for the purposes of the goodwill impairment assessment of the Induction Zesty CGU in the consolidated financial statements of the Group. Refer note 16 in the consolidated financial statements. In addition, management impaired the investment in Horizon Strategic Partners Limited by £0.28m. The recoverable amount of the investment in Horizon Strategic Partners Limited is the fair value less costs-of-disposal as determined for the purposes of the goodwill impairment assessment of the Induction Guidance CGU in the consolidated financial statements of the Group. Refer note 16 in the consolidated financial statements. The investments in Attend Anywhere Pty Limited and A.C.N. 167 231 307 PTY Ltd ("A.C.N.") are not impaired, as the recoverable amounts exceeds the costs of the investments.

During the year, the Company advanced £0.08m (2023: £0.08m) to Induction Healthcare Limited, in order to fund the continued operation of the Group, specifically the Induction Switch CGU and group-wide corporate costs. This has been accounted for as a capital contribution and therefore an increase in the investment in Induction Healthcare Limited. The Company has then impaired the investment in Induction Healthcare Limited by £0.08m (2022: £6.8m), due to the fact that the Induction Switch CGU remains impaired and has been classified as held for sale in the consolidated financial statements of the Group, and there is no expectation of repayment of these amounts by Induction Healthcare Limited in the near future. This has been included in the loss for the year for Induction Healthcare Group plc. The recoverable amount of the investment is £Nil (2022: £Nil).

Notes to the company financial statements (continued)

5. Investments in subsidiaries (continued)

During the year ended 31 March 2022, on 9 June 2021, Induction Healthcare Group plc acquired 83.5% of the share capital of Attend Anywhere Pty Limited and 100% of the share capital of A.C.N. 167 231 307 PTY Ltd ("A.C.N."), which owns 16.5% of the share capital of Attend Anywhere, thereby obtaining 100% control over Attend Anywhere. Attend Anywhere Pty Limited owns 100% of the share capital of Attend Anywhere Limited, a UK subsidiary. Prior to the acquisition, a fundraise of £25m was held which led to the issue of 35,714,285 New Ordinary Shares. The consideration included payments of £0.8m in cash for the purchase of net assets at the completion date, cash consideration of £15.6m, plus the issue of 14,285,714 New Ordinary Shares which had a fair value of £9m. This brings the total consideration to £25.4m prior to transaction costs.

	2024 £'000	2023 £'000
Balance at 1 April	29,246	41,009
Share-based payments	299	402
Capital contribution	-	82
Impairment	-	(12,247)
Balance at 31 March	29,545	29,246

6. Amounts receivable from group companies

Amounts receivable from group companies comprise loans due from group companies of £4.5m (2023: £4.6m). The loans are interest free and repayable on demand. Lifetime expected credit losses of £10.5m (2023: £10.5m) have been recognised on amounts due from group companies. These amounts have been classified as non-current, as there is no intention to demand repayment of these amounts within 12 months from 31 March 2023.

	2024 £'000	2023 £'000
Balance at 1 April	4,585	4,585
Net settlement of amounts owed to group companies	(109)	-
Amounts receivable from group companies	4,476	4,585
Total non-current portion	4,476	4,585

The carrying value of trade and other receivables classified as loans and receivables approximates fair value. The gross carrying value of amounts receivable from group companies, prior to the application of the expected credit loss provision ("ECL") is £15.1m. This is wholly due from Induction Healthcare Limited.

Amounts receivable from Induction Healthcare Limited are considered to have a high credit risk. Default for amounts due from group companies is defined as a scenario where the entity will not be able to recover the amount owing through any means, such as repayments on the loan, distribution of dividends or the sale of the asset. It is the policy of the entity to not write-off amounts due from group companies.

7. Trade and other payables

The following table summarises the balance of trade and other payables. The amounts owed to group companies represent £11.7m (2023: £0.8m). This is an interest free arrangement and is repayable on demand.

	2024 £,000	2023 £,000
Trade payables	114	173
Accruals	146	75
Amounts due to group companies	1,145	818
Total current portion	1,405	1,066

Notes to the company financial statements (continued)

8. Share capital

For the purposes of the Group's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group does not have any interest bearing loans and borrowings. There have been no changes to the Group's capital management policies and processes during the year ended 31 March 2024.

Authorised

	2024 Number ('000)	2024 £000	2023 Number ('000)	2023 £000
Shares treated as equity				
Ordinary shares of £0.0050 each	93,849	469	92,380	462
	93,849	469	92,380	462

Issued and fully paid

	2024 Number ('000)	2024 £000	2023 Number ('000)	2023 £000
Ordinary shares of £0.0050 each				
At 1 April	92,380	462	92,051	460
Issue of ordinary shares	—	—	—	—
Issue of ordinary shares on exercise of equity settled share-based payments	1,469	7	329	2
Issue of shares as consideration for a business combination	—	—	—	—
At 31 March	93,849	469	92,380	462

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Induction Healthcare Group plc.

On 9 June 2021, the Group acquired Attend Anywhere Pty Ltd ("Attend Anywhere"). The consideration included the issue of 14,285,714 new Ordinary Shares (the "Consideration Shares").

As part of the transaction, on 8 June 2021, the Company announced that it had raised £25m through a placing of 35,714,285 new Ordinary Shares at a price of 70p per share. Induction Healthcare Group plc does not operate a bank account, and cash inflows from the fundraise were received by a subsidiary entity, Induction Healthcare Limited.

9. Reserves

9.1 Share premium

	2024 £,000	2023 £,000
Ordinary shares of £0.0050 each		
At 1 April	41,665	41,665
Issue of shares	311	—
At 31 March	41,976	41,665

During the year ended 31 March 2020, Induction Healthcare Group plc acquired Podmedics Limited in a share-for-share exchange. £0.4m of the purchase consideration was accounted for as share premium. However, during the year ended 31 March 2022 management have assessed that the conditions set out in section 612 of the Companies Act 2006 were met at the acquisition date, and therefore the difference between the fair value of the shares issued and the nominal value have been reclassified from share premium to the merger reserve.

Notes to the company financial statements (continued)

9. Reserves (continued)

9.2 Merger reserve

On 9 June 2021, Induction Healthcare Group plc acquired 83.5% of the share capital of Attend Anywhere Pty Limited and 100% of the share capital of A.C.N. 167 231 307 PTY Ltd ("A.C.N."), which owns 16.5% of the share capital of Attend Anywhere, thereby obtaining 100% control over Attend Anywhere. Attend Anywhere Pty Limited owns 100% of the share capital of Attend Anywhere Limited, a UK subsidiary. Prior to the acquisition, a fundraise of £25m was held which led to the issue of 35,714,285 New Ordinary Shares. The consideration included payments of £0.8m in cash for the purchase of net assets at the completion date, cash consideration of £15.6m, plus the issue of 14,285,714 New Ordinary Shares which had a fair value of £9m. This brings the total consideration to £25.4m prior to transaction costs. This acquisition was effected by way of a share-for-share exchange, whereby the shareholders of Attend Anywhere Pty Limited and A.C.N. 167 231 307 exchanged their shares for an equivalent number of shares in Induction Healthcare Group plc. The difference between the nominal amount of the shares and the fair value of the shares has been recognised in the merger reserve.

Where the conditions set out in section 612 of the Companies Act 2006 or equivalent sections of previous Companies Acts are met, shares issued as part of the consideration in a business combination are measured at their fair value in the Consolidated Statement of Financial Position, and the difference between the nominal value and fair value of the shares issued is recognised in the merger reserve.

There has been no movement in the merger reserve during the year to 31 March 2024 (2023 nil):

	2024 £000	2023 £000
At 1 April	20,205	20,205
At 31 March	20,205	20,205

During the year ended 31 March 2020, Induction Healthcare Group plc acquired Podmedics Limited in a share-for-share exchange. £0.4m of the purchase consideration was accounted for as share premium. However, during the year ended 31 March 2022 management have assessed that the conditions set out in section 612 of the Companies Act 2006 were met at the acquisition date, and therefore the difference between the fair value of the shares issued and the nominal value have been reclassified from share premium to the merger reserve.

9.3 Other reserves

Other reserves arise from the Group's equity settled share option scheme. Refer to note 26 in the consolidated group financial statements for further details.

Notes to the company financial statements (continued)

10. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

10.1 Identities of related parties with whom the Group has transacted

Note 15 in the consolidated financial statements provides information about the Group's structure, including subsidiaries and the holding company. The related parties with whom the Group has transacted are i) the subsidiaries within the group and ii) key management personnel.

10.2 Compensation of key management personnel

The remuneration of the directors and other members of key management personnel during the year was as follows:

	2024 £000	2023 £000
Short-term employee benefits	653	1,209
Post-employment pension and other benefits	21	37
Termination benefits	-	187
Share-based payment transactions	122	286
Bonus	22	193
Other benefits	-	4
Total compensation paid to key management personnel	818	1,916

Key management remuneration comprises short-term benefits only. The remuneration of the highest paid director was £0.2m (2022: £0.3m).

Directors' remuneration has been disclosed in the Directors' report. Refer to pages 30 and 31, tables "Directors remuneration".

10.3 Transactions with subsidiaries

Included in amounts due from group companies is an amount of £4.6m (2023: £4.6m) due from Induction Healthcare Limited. This arose as a result of loans made to Induction Healthcare Limited as intermediate holding company to fund the operations of the group. The loan carries interest at 0% and is repayable on demand.

Included in trade and other payables is an amount of £0.6m (2023: £0.6m) due to Induction Healthcare (UK) Limited. This arose as a result of payments made by Induction Healthcare (UK) Limited on behalf of Induction Healthcare Group plc. The loan carries interest at 0% and is repayable on demand.

Included in trade and other payables is an amount of £0.02m (2023: £0.02m) due to Induction Healthcare Pty Ltd. This arose as a result of payments made by Induction Healthcare Pty Ltd on behalf of Induction Healthcare Group plc. The loan carries interest at 0% and is repayable on demand.

Included in trade and other payables is an amount of £0.02m (2023: £0.02m) due to Zesty Limited. This arose as a result of payments made by Zesty Limited on behalf of Induction Healthcare Group plc. The loan carries interest at 0% and is repayable on demand.

11. Events after the reporting date

There were no material events after the reporting date that have an impact on these financial statements.

Company Information

Directors

Christopher Samler
Jane Silber
Andrew Williams
Ian Johnson
Paul Tambeau
John McIntosh

Non-Executive Chair
Non-Executive Director
Non-Executive Director
Non-Executive Director
Chief Executive Officer
Chief Financial Officer

Solicitors

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9QG

Secretary

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Registered Number

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Company Website

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Glossary

Alternative Investment Market (AIM)

Annual General Meeting (AGM)

Attend Anywhere Pty Ltd (Attend Anywhere, Induction Attend Anywhere)

Electronic Medical Record (EMR)

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

General Data Protection Regulation (GDPR)

Horizon Strategic Partners Limited (Induction Guidance, Horizon and Microguide)

Induction Healthcare Group PLC (Group, Induction, Induction Healthcare and Company)

Initial Public Offering (IPO)

Monthly recurring revenue (MRR)

National Health System (NHS)

Podmedics Limited (Podmedics, Induction Switch)

Return on Investment (ROI)

Software as a service (SaaS)

The Quoted Companies Alliance (the QCA Code)

Zesty Limited (Induction Zesty, Zesty)